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# Near East/North Africa Report

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7 July 1982

## NEAR EAST/NORTH AFRICA REPORT

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AFGHANISTAN

BRIEFS

GANGS DEFEATED--Security forces in Baghlan Province, northern Afghanistan, reported that two gangs of elements who are traitorous to the homeland and the revolution have been defeated in the area of [name indistinct] belonging to the district of [name indistinct] by the security forces and the people defending the revolution. Several kinds of arms and bullets have been captured from them. [Text] [GF181859 Kabul International Service in Arabic 1700 GMT 18 Jun 82]

FAMILIES, CITIZENS RETURN--Following the control of our valiant armed forces of the valley of Panjsher and the (?elimination) of counterrevolutionary elements in it, 820 persons from the citizens of its villages, who were forced to leave their houses as a result of the brutal inhumane acts by (?evil) people, have returned to their houses. They have expressed total support for the party and their revolutionary government. After being welcomed by the leader of the special forces, a number of them--on behalf of others--denounced the counterrevolution's inhumane acts and pledged all possible cooperation with their revolutionary state. Thirty families of the citizens of the central province of Ghour have returned to their houses. It was also reported that 40 families of the citizens of the province of Konarha, northeastern Afghanistan, have returned to their houses. They (?expressed commitment) to the progressive goals of the progressive party and state. Another report indicates that 13 families and 60 persons of the citizens of Laghman Province, eastern Afghanistan, have returned to their houses. They expressed repentance for acts previously committed and pledged to show every kind of cooperation with their revolutionary party and state. [Text] [GF181851 Kabul International Service in Arabic 1700 GMT 18 Jun 82]

CITIZENS RETURN TO NIMRUZ--Some 75 families from Chakhansur, Nimruz Province, who had been forced to leave their homes as a result of the false propaganda of the enemies of the revolution have recently returned to their country. These compatriots have realized the facts of the revolution and the lofty objectives of the party [PDPA] and government, especially in the new evolutionary phase regarding the welfare of the citizens. They have promised to stand alongside the citizens in order to achieve the lofty objectives of the revolution's new evolutionary phase. These brothers and sisters were received on arrival by a number of officials and citizens of Nimruz Province. [Text] [GF201800 Kabul International Service in Arabic 1700 GMT 20 Jun 82]

GOVERNMENT CLAIMS ILLITERACY RATE DROP

Cairo AL-AKHBAR in Arabic 18 May 82 p 6

/Article by Madiyah Ibrahim: "Minister of Education at a Management Club Symposium: The Illiteracy Rate in Egypt Is Just 52.9 Percent"/

/Text/ At a Management Club symposium Dr Mustafa Kamal Hilm, minister of education, declared that the illiteracy rate in Egypt is just 52.9 percent, and the minister of administrative development demanded that promotions be tied to training.

Dr Ibrahim Hilm 'Abd-al-Rahman, consultant to the prime minister and former minister of planning, demanded that the government cease employing graduates via the manpower "garage." He said that there would be no salvation from the catastrophe of disguised unemployment which has become widespread everywhere unless the government declared that it would not commit itself to appointing graduates. At the symposium the Management Club held yesterday to discuss the future of labor in Egypt, he declared that there was no congruence between demand and supply on the labor market, since there were surpluses in specific areas and shortages in others.

In another area, the total workforce in Egypt did not come to more than 35 percent, while it comes to 35 or 40 percent in neighboring developing countries. Consequently, national income in Egypt, in comparison with these countries' national incomes, has been in a state of constant decline which has also been produced by the population increase in Egypt and the emergence of wealth in these countries.

Dr Ibrahim Hilm 'Abd-al-Rahman said that the government provided 600,000 job opportunities each year, distributed among the sectors of agriculture (200,000), industry (100,000), and trade, finance, construction, services, education, health and transport and communications (300,000). These opportunities are matched by only about 45,000 training centers. This means that thousands of people join the labor market without skills, and this as a consequence leads to waste in the workforce in Egypt, which is the only real resource on which development policy can be founded in Egypt.

He stated that therefore President Husni Mubarak, at the major economic conference which was held last February, demanded that a committee be composed of Dr Mustafa Kamal Hilm, minister of education and scientific research, Counsellor 'Adil 'Abd-al-Baqi, minister of Council of Minister affairs, and minister of administrative

development, and Sa'd Muhammad Ahmad, minister of manpower, to prepare a national vocational, promotional and transitional training program in all fields of activity, provided that 5 percent of general investments be allotted to that starting with next year's plan. This year 50,000 pounds have been set aside for that.

#### 40,000 Extra Pupils

Dr Mustafa Kamil Hilmi, minister of education and scientific research, spoke and mentioned that next October would for the first time in history of education in Egypt witness 1,020,000 male and female pupils in primary schools, an increase of 40,000 over this school year. He said that 560,000 male and female students would enroll in preparatory education, 6.3 million male and female students in secondary education, and half a million in higher education.

The minister of education spoke about the illiteracy rate in Egypt. He said that according to Statistics Agency reports this had dropped to 52.9 percent by January 1982. Among men it totals 38 percent and among women 68 percent; in the urban areas it comes to 37 percent and in the rural areas it comes to 67 percent. He said that these figures do not represent compound /illiteracy/ and are not acceptable; therefore, the ministry's plan is committed to lowering these rates each year.

#### Labor in Figures

Counsellor 'Adil 'Abd-al-Baqi, the minister of Council of Ministers affairs and minister of state for administrative development, spoke about the labor community in Egypt in figures, in accordance with up-to-date reports. He said that the number of people working in Egypt in 1980 came to 10.5 million as compared with 6.9 million in 1960 and that the ratio of workers to the population dropped from 49.7 percent in 1960 to 47.3 percent in 1966, and 45.4 percent in 1980. The ratio of women working came to 7.3 percent that year and the number of people working in the private sector came to 66.4 percent. The unskilled labor rate in the public sector came to 69 percent and the people with qualifications were concentrated in the government and the administrative apparatus. The rate of people employed in agriculture rose from 53.4 /sic/ percent in 1960 to 42 percent in 1976, and the number of people working in the construction field shrank from 1.1 million in 1960 to 790,000 in 1976, while the percentage of people working in the service sector rose from 1.1 million in 1960 to 2.6 million in 1979. Leadership and higher administrative positions witnessed a perceptible growth when compared to the rates of deficits among technicians and professionals.

Dr Rashad al-Sifati, first deputy minister of planning, wondered how long the issue of quantity at the expense of quality in education would last. The minister of education replied that both had to be upgraded, together. Dr 'Aziz al-Bindari, chairman of the Family Planning Agency, wondered why tremendous sums had been allocated to training; numerous shops and factories needed manpower. Dr Ibrahim Hilmi 'Abd-al-Rahman replied that it would be better for this manpower to be well trained before it went to work, and that it would be best if promotion within the workforce went to the best, not the most senior.

EGYPT

SEVENTH ANNIVERSARY OF EGYPTIAN COMMUNIST PARTY NOTED

Paris AL-YASAR AL-'ARABI in Arabic No 43, May 82 p 9

[Article: "1 May 1975 - 1 May 1982"]

[Text] The Egyptian Communist party published issue number 77 of its newspaper, AL-INTISAR. The editorial included a salute [to the party] on the occasion of its 7th anniversary. The editorial included [the following remarks]:

1 May 1982 comes into view as the 7th anniversary of the proclamation that established our party, the Egyptian Communist party, the party of the Egyptian working class, the party of major challenges. Yes, it is the party of major challenges.

That moment on 1 May 1975 when establishment of the party was proclaimed was in itself a major moment of challenge because this proclamation was made in the course of the police campaign that was launched by al-Sadat's government on 2 January 1975 in the aftermath of large scale labor strikes after which scores of communists were arrested. The party was proclaimed in the aftermath of this vicious police campaign and as a challenge to it. Yes, our party is a party of challenges.

The party proclaimed itself after it was able to form for itself the adequate staff, activities, actions and the clear political course that would help it confront and overcome these national and social challenges and emerge stronger and sturdier than it was before. The day the proclamation was made was merely the culmination of a vibrant and renewable fact that is known to everyone: the masses and a class, and in fact, class adversaries.

Yes, it is the party of challenges.

Yes, it is a party of challenges because it convened its first constituent congress in September 1980. This was a slap on the face of al-Sadat's authority which had led itself to believe that it owned Egypt and everything on it and that it was capable of being omniscient everywhere.

Yes, it is a party of challenges.

It is the party of challenges because in September 1981 it was able to convene a meeting of the Central Committee under those conditions when al-Sadat's government thought it had imprisoned all the political forces of the Egyptian opposition.

Our party proved that authentic revolutionary forces can play their role under all conditions no matter how gloomy they are.

In the darkest hours our party continued to fly the banner of struggle against a government of operatives. It continued to be the stronghold, the hope and refuge for all national and democratic forces.

The 7th anniversary of our party commemorates the arduous and serious course of the tireless and continuous struggle of Egyptian communists who are carrying the banners of national independence, progress, justice and equality for every citizen, man or woman. It is a road begun by fighting communists early in the twenties; it is a road that communists continued to lead throughout all [subsequent] decades. They offered their lives on that course and they sacrificed the most precious years of their childhood and youth.

The 7th anniversary of our party comes upon us this year at a critical stage in the development of the Egyptian National Movement. It is a stage that requires our vigilance and determination. It requires that we adhere closely to our principles and our premises which time has proven to be true. It requires that we engage in a serious effort to bring together all the national and progressive forces to establish a democratic national front and set up a government of the democratic national front.

Let us usher in this 7th anniversary in a state of readiness to shoulder this national responsibility. Let us usher in the 8th anniversary with the banners of our party flying high.

Let us fly the banners of the Egyptian working class, proclaiming thereby our full loyalty to that class, to its goals and to its theory.

Let us begin our 8th year convinced that victory is inevitable.

Let us continue our victorious course which won for us the affection of all Egypt and of all true Egyptians. Let us continue that course which made our party and rightly so the fighting vanguard for a fighting class and a fighting nation.

Long live the Egyptian Communist party.

Long live our working class, the vanguard of the Egyptian struggle for a truly free homeland and a truly happy future.

8592  
CSO: 4504/339

ISRAELI WITHDRAWAL FROM SINAI DEEMED IMPERIALIST GAIN

Paris AL-YASAR AL-'ARABI in Arabic no 43, May 82 p 9

[Article: "Day of Occupation, not Day of Liberation; Statement Issued by Grouping of Egyptian Citizens Abroad"]

[Text] The Grouping of Egyptian Citizens Abroad issued the following statement on the occasion of the withdrawal of Israeli troops from Sinai and their replacement by the multi-national forces and the U.S. rapid deployment force.

"The formal Israeli withdrawal from Sinai was accompanied by an Arab reactionary campaign of cheers welcoming 'the restoration of Egypt' to the 'Arab rank.' This was happening at a time when these circles were well aware of the fact that this withdrawal did not mean the liberation of Sinai and did not mean that Sinai would be controlled by Egyptian national wishes. These circles were well aware of the fact that Israeli occupation was being replaced by the occupation of the multi-national force under the command of the U.S. rapid deployment troops which are connected with NATO. That is, Sinai would be turned into an imperialist military base in the name of the so-called peace between Egypt and Israel. At the same time Egyptian wishes in Sinai regarding the number of the Egyptian army's troops, weapons or range of activity remain limited and restrained. What has been accomplished is implementation of the Camp David accords which are still in effect. The purpose of these accords, as has always been said, is not a separate peace between Egypt and Israel or the mere isolation of Egypt from the Arab countries. The basic aim of these accords is [to establish] the political, economic and military control of U.S. imperialism on all Arab countries through Egypt."

The statement went on to say, "The people of Egypt who struggled and who will continue to struggle against the Camp David accords and against military bases on their territory; [the people of Egypt] who struggled and who will continue to struggle to regain the political, economic, military and cultural independence of Egypt from U.S. and Zionist control; [the people of Egypt who struggled and who will continue to struggle] to achieve the legitimate objectives of the Arab people of Palestine to regain their land and establish a national state on that land under the leadership of the PLO; [the people of Egypt who struggled and who will continue to struggle] for democratic Arab unity will not be misled by this apparent withdrawal of the Israeli occupation. [They will not fail to see] the reality of the U.S.-Zionist, imperialist plot against Egypt and against the Arab

Revolution in general and the Palestinian Revolution in particular. Congratulatory and welcoming telegrams from Arab reactionary circles will not make our people fail to see clearly what their real objectives are. The Egyptian people will not renounce their struggle to foil this reactionary, U.S.-Zionist plot, to do away with what remains of al-Sadat's policies in Egypt and to do away with what remains of al-Sadat's policies that have become widespread throughout the Arab world in various forms of service to imperialism and Zionism. [The Egyptian people will not renounce their effort] to save Egypt from subordination so that it can be restored to the Arabs as a truly revolutionary country and continue to be what it has always been, a homeland for freedom, socialism and unity.

The Executive Office of the Grouping of Egyptian Citizens Abroad

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CSO: 4504/339

VARIOUS NEW SINAI REDEVELOPMENT PROJECTS, BODIES FORMED

New Projects in North

Cairo AL-AKHBAR in Arabic 18 May 82 p 7

/Article by Raji al-Wardani/

/Text/ On its national holiday this 25-26 May, the Governorate of North Sinai will be celebrating the opening of new projects and the start of work on others.

Yusuf Sabri Abu Talib, the governor, stated that among the projects which are to be inaugurated are three schools in al-'Arish, an animal production project, an outpatient clinic, desalination equipment, three clubs, a Girco refrigerator factory, ordinary clothing branches, a company to sell manufactured goods, an automated bakery for the al-Salam neighborhood, a market, a nursery and a television transmission bolstering station. In addition, residential buildings will be delivered as well as foodstuffs, a semiautomated bakery, a youth center, an exhibit of girls' production in the Bi'r al-'Abd area, and a training center for assembling washing machines in the Kharrubah area. A project will be inaugurated for poultry and another project for sheep in the Bukhaylah area and in the Qadiyah area there will be two centers for youth and vocational training. An arc welding center will be inaugurated and another one for a rug and carpet factory in Rummanah. In addition, a number of service projects will be inaugurated in the town of Rafah and a cornerstone has been laid for a number of projects in a number of towns and villages in the governorate.

New South Sinai Microwaves

Cairo AL-AKHBAR in Arabic 18 May 82 p 7

/Text/ The telephone authority has decided to consolidate telephone services in the south Sinai area. This was declared by Eng Ahmad Kamil, chairman of the authority, who said that a microwave system would be set up to serve the area and back up telephone communications between Cairo and Ra's Gharib, Ra's Muhammad and Sharm al-Shaykh. He said that the telephone circuits have been hooked up to the airports there and also to the department of passports, local government agencies and the headquarters of the governorate and the local assembly chairman.

Decree Forms Redevelopment Committee

Cairo AL-WAQA'I' AL-MISRIYAH in Arabic No 115, 18 May 82 pp 3, 4

/Text/ The prime minister:

Having read the constitution;  
And Presidential Decree 4 for 1982 forming the cabinet:  
And, following the agreement of the Council of Ministers:

Has decreed:

Article One. The Sinai Redevelopment Committee is to be formed under the chairmanship of the prime minister, with the following as members:

The deputy prime minister and foreign minister.  
The deputy prime minister for production and minister of petroleum.  
The deputy prime minister for services and minister of local government.  
The deputy prime minister for economic and financial affairs and the minister of investment affairs and foreign cooperation.  
The minister of defense and war production.  
The minister of redevelopment and minister of state for housing and land reclamation.  
The minister of transport, communications and maritime transport.  
The minister of electricity and power.  
The minister of supply and domestic trade.  
The minister of Council of Minister affairs and minister of state for administrative development.  
The minister of state for information.  
The minister of planning.  
The minister of industry and mineral resources.  
The minister of tourism and civil aviation.  
The minister of state for agriculture and self-sufficiency in food.  
The governor of North Sinai.  
The governor of South Sinai.

Article Two. The Sinai Redevelopment Committee will be concerned with the following:

1. Drawing up a general policy for the redevelopment of Sinai and authorizing the necessary programs and plans for that, in accordance with the economic and social development plan, in the context of general government policy.
2. Agreeing to the distribution of investment allocations allotted to redevelopment projects and determining priority in execution.
3. Reviewing the studies and research presented to it regarding the most appropriate locations for the towns and villages that are to be established.

4. Coordinating the ministries, authorities and bodies working in redevelopment activities and the areas related to it.

5. Following up on the execution of plans and programs set forth for redevelopment, reducing the material and financial obstacles that might stand in the way of execution, and evaluating accomplishments.

Article Three. The decrees of the committee will be binding and the ministries, authorities and bodies concerned must take the necessary measures to carry them out.

Article Four. This decree will be published in AL-WAQ'A'I' AL-MISRIYAH.

Issued by the Office of the Prime Minister, 8 May 1982

/Signed/ Dr Fu'ad Muhyi-al-Din.

#### Panel Discusses Sinai Ventures

Cairo AL-AHRAM AL-IQTISADI in Arabic No 697, 24 May 82 pp 17-19

/Article by 'Izzat 'Ali/

/Text/ In an attempt to draw up an integrated picture of Sinai's redevelopment projects following the restoration of the final portion of the peninsula, the Academy of Scientific Research and Technology held a symposium on the role of scientific research in the development and redevelopment of Sinai. The discussions that were presented on more than one issue of land use and the search for potential mineral resources benefited by having the researchers and officials say that it was necessary to have coordination among all the efforts now being exerted to plan and establish projects in Sinai. People's views were directed toward the need to establish a large center of population concentration in the al-'Arish and East al-Qantarah areas, establish industries in the East al-Qantarah area, and establish projects whose transportation costs were not high, and there was a tendency toward the establishment of independent activities that do not require a great deal of resources. Other views were raised in the course of 32 research papers that researchers and officials in the various ministries and authorities had presented.

#### A Contradiction in Information

At the beginning, Dr Muhammad Fajj-al-Nur, first deputy minister of planning, warned of an obvious contradiction in many of the studies related to certain materials and sectors on the potential and type of projects that could exist in Sinai, such as for example the volume and type of water available in various locations. He said that at the present time this contradiction in information constituted a restriction on the government's ability to commit itself to providing a specific amount of investment revenues for the development of Sinai in the long run, in view of the large current demand for domestic revenues. That does not mean that one should not start at once on any development activities in Sinai-- rather, it means that we might not accept the establishment of certain projects

in specific locations in Sinai, regardless of their economic feasibility in those locations in the short-term, but rather that there must be another long-term objective which will be a specific factor in the approval of these projects and the determination of the sites in which to establish them, based on the condition that the actual cost of these projects be calculated and carefully studied within the general framework of national development so that no elements will stand in the way of any other.

#### Water Is the Problem

The problem of water occupied most of the researchers' attention. Maj Gen Muhammad 'Abd-al-Fattah Muhsin, the consultant to the Ministry of Redevelopment, stressed that water could not be made available in Sinai on an economic basis to meet the requirements of the land in the areas that could be provided, since farming requires 54 cubic meters /per feddan/ a day. He added that the price of water in Sinai might exceed that of oil and that water might exceed oil in importance. Salah 'Amir, the chairman of the consulting team on Sinai redevelopment studies, said that water is considered one of the most critical resources in Sinai, since groundwater resources are limited.

Above and beyond that, water quality is considered below average and water production costs are high.

On the discussion raised concerning the future supply and piping of Nile water to Sinai, he said that that project would depend on the degree of efficiency in the use of this water on old land and the projects that could be carried out. In addition, the farther the land to which Nile water is being piped in Sinai is, the greater the amount of lift and the greater the cost; at the same time, one should note that the good land in Sinai that is expected to provide a high agricultural yield is very remote from the Suez Canal.

He said "No crop cycle has been established in Sinai that can pay back the cost of the Nile water piped to areas where land fertility varies from average to good, on top of the calculated commercial costs of the energy used to pump and lift the water.

"Even if we look at the area east of the Suez Canal, where Nile water is used for irrigation, we will find that the type of soil, which varies from bad to very bad, lowers the productivity of the land. Therefore I recommend the establishment of agricultural test stations in al-'Arish and east of the Bitter Lakes, provided that these stations carry out agricultural guidance activities, that the coastal region between al-'Arish and Rafah, covering an area of 15,000 feddans, be taken over again in both irrigated and unirrigated states, and that a formula be set forth for policies and planning on the future of land reclamation in Sinai using Nile water."

#### Facts before We Start

On the possibility of planting a new half-million feddans in the Wadi al-'Arish basin, Dr 'Abduh Shata, member of the Sinai redevelopment study consulting team,

reviewed a number of facts that govern the future of integrated agricultural development in the area. He said, "The first fact is that the western sediments are scattered throughout this basin region; their quality, over an area totalling about half a million feddans, ranges from high-grade to average, but they are exposed to severe elements of erosion and sandstorms. Second, there are no organized projects to maintain and keep rainwater in the Nile Valley basin, except for the al-Rawafi'ah Dam, which was erected in 1946, although the amount of rainwater that falls in the Nile Valley basin is in excess of 1 billion cubic meters a year and the volume of floods is in excess of 100 million cubic meters.

"The third fact is that there is more than one stratum in the Wadi al-'Arish basin functioning as a groundwater reservoir and, outside the al-'Arish area, there is no integrated study on groundwater reservoirs (about 30,000 cubic meters a day).

"The fourth fact is that the farmed area in the Wadi al-'Arish basin, which is based on seasonal farming irrigated by rain, is no more than 50,000 feddans, that is, about one tenth the potential area; it is to be observed that a large proportion of the population is concentrated in al-'Arish and al-Shaykh Zuwayd, while the other parts of Wadi al-'Arish are considered undeveloped. Al-Shaykh Zuwayd's population totals 35,000 and that of al-'Arish is 70,000, while the population in the Bir al-Tamada area, for example, comes to 500 and that in al-Jafjafah to 3,000. In the light of these facts, Salah 'Amir says that it might be possible to set out a conception of the type of planning necessary to develop available agricultural resources in the Wadi al-'Arish basin. However, there is an impossible side to that sort of study, since, in order to set out sound scientific planning, it is supposed to be necessary to carry out integrated survey activities, improve measurement and observation grids, carry out well drilling programs, carry out pasture improvement and forestation programs and establish a field test and guidance station.

"In order to newly plant half a million feddans, one should note that their water requirements are estimated at about 15 billion cubic meters a year, based on an average of 3,000 cubic meters per feddan per year. In the Wadi al-'Arish basin there are water resources in the forms of groundwater and surface water estimated at about 400 million cubic meters per year, 150 million cubic meters of which are groundwater in shallow zones, 150 million cubic meters are groundwater in deep zones, 50 million cubic meters are surface water in open reservoirs and an additional 50 million cubic meters result from floodwater distribution on the surface. This amount of water (400 million cubic meters a year) makes up just 25 percent of the approximate requirements of the half-million-feddan area in the Wadi al-'Arish basin; thus we find that the water problem is a major obstacle to expansion in this area. For this reason it is expected that the foreseeable expansion will be just 100,000 feddans.

"If we leave the water problem to the side, there is an important observation, which is that reclaiming 100,000 feddans will require 40,000 people, assuming four persons for every 10 feddans. This will require the construction of about 16 new villages accommodating about 2,500 people each."

More than one official and researcher took part in a discussion of Sinai land use. Dr Muhammad Fajj-al-Nur, first deputy minister of planning, added that the scope for development available in Sinai covers an area which is much less than the total area of Sinai. The element of land, in its economic sense, is relatively rare in Sinai, in view of its extremely complex topographic and natural characteristics. In addition, Sinai's situation as a theater of water operations in the past also led to a reduction in the area available for development at the present time, since there are or may be mines and explosives in many areas which can be used for development purposes. In addition, the presence of moving sand dunes adds to the scarcity of the element of land, as well as dividing the area that can be exploited, since these moving sand areas must be avoided in defining the sites for special projects related to road and infrastructure projects in general. Thus we find that there is competition for a limited area among the uses of land for various purposes.

#### New Hope for Mineral Resources

On existing mineral resource potential in Sinai, Muhammad Ahmad Za'tut, Chairman of the Geological Survey Authority, reviewed the potential presence of copper, manganese and other ores in the area. He said that the research the Sinai Manganese Company performed, which was carried out in recent years in participation with an American consulting firm, proved the existence of further manganese ore reserves, 840,000 tons of which are 1 to 1.18 percent manganese iron, ore which is suitable for ferromanganese processing. A project has actually been established to produce 14,000 tons of ferromanganese ingots a year and 12,000 tons of cast iron to supply iron and steel industry requirements.

This will save the equivalent of 7.9 million pounds in foreign currency a year-- 6.6 million pounds for ferromanganese and 1.3 million pounds for cast iron.

As far as coal goes, the Geological Survey Authority has started to refurbish the al-Maghara coal mine and has invited international consulting firms and companies to help put the mine back in operation. In addition, it has started to develop the mine in order to delineate it and explore the volume of existing reserves.

To that one should add the establishment of a regional geological survey center in northern Sinai. Plans are being made to establish another regional center in the south, make a comprehensive geological survey of the areas of Sinai, prepare detailed maps, and expand the search for coal in the north, through thorough exploration of al-Juri era rocks, and in the south through thorough exploration of carbon era rocks.

There will be development of exploited manganese, gypsum, clay and white sand sources on the basis of research in order to add more proved and probable reserves and carry out a comprehensive survey of the two Sinai governorates for construction raw materials, in particular around known towns or places which have an economic future.

#### No Going back to the System of Localities, Which Was a Failure

While the economic possibilities for establishing projects in Sinai provoked the interest of researchers, the problem of the organization and administration of

Sinai, or the form and role which local government in Sinai might take, stirred the interest of people who specialize in the administrative development field. Dr Hasan Tawfiq, chairman of the central agency, raised a number of questions on the organizational arrangements for local administration in Sinai, wondering whether the work would continue at the three local government levels, which are made up of a village, town or district and governorate, or would just be confined to two levels, the governorate and the town or the village, and whether the distribution of responsibilities and areas of jurisdiction among governorates, towns and villages would assume the same general pattern that prevails in the other areas of the republic or whether greater responsibilities and areas of jurisdiction would be shifted to the towns and villages in order to overcome the natural and administrative difficulties of movement and communications, while guaranteeing rapid responses to development needs.

Dr 'Ali al-Silmi, consultant in the Ministry of Redevelopment and former minister of administrative development, raised the question "Will the negative aspects of planning that are to be found in the valley be applied to Sinai? The gap between execution and planning in Egypt now is a phenomenon which foreign research agencies are studying, and if we are to move the system of local government and the experiment of local government which is being realized in the valley over to Sinai, we can assert that any development projects there will fail. I cannot imagine that local government units, with all the resources they have, are incapable of providing something for Sinai."

"The alternative to that in Sinai is for the role of administration to be realized through commitment to new up to date work approaches and methods which are remote from traditional bureaucratic governmental patterns of work, with a commitment to the principle of thoroughness and integration in development activities."

#### Ascertaining Social Structures

The discussions extended to include the issue of the population in Sinai. Dr Fajjal-Nur pointed to the need to identify the social structures prevalent in Sinai, their dominant elements and the need to devote attention to the element of training in its educational, practical and financing aspects and the social composition in Sinai, especially as regards the tribal breakdown, since that influences ownership relations with respect to land and water sources and their distribution and also influences the supply of suitable trained labor for various features of economic and social activity. Since the people of Sinai have priority in contributing to building their society and tying it to the mother country, that raises the need to learn about the society and study it.

The conference concluded that it was necessary to create a sort of balance in the use of available local and foreign expertise, to coordinate their efforts and to re-evaluate studies and statistics so that it will be feasible to set out guidelines before getting into the comprehensive development process.

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CSO: 4504/322

OPPOSITION PRESS QUESTIONS GOVERNMENT'S PROPOSED FUTURIST CONFERENCE

Conference Postponement Criticized

Cairo AL-SHA'B in Arabic No 126, 18 May 82 p 9

[AL-SHA'B is the Organ of the Social Labor Party]

/Text/ The "Egypt of Tomorrow" Conference was suddenly postponed until after the summer vacations in a short declaration published in the daily newspapers on the morning of 13 May 1982, awaiting further study, in view of the importance of the subjects the conference is to discuss. Meanwhile, Dr Ahmad Khalifah, organizing supervisor of the conference, declared that he would not ask anyone to do research or studies but that every member would receive a thick volume containing all the research that had been carried out in Egypt in the past 25 years that lay within the scope of the conference's objectives. This work has actually been assembled and summaries are to be presented on it to facilitate reference to it, in order that the discussions, which are to go on for a period of 4 days, will be fruitful.

However, it appears that the conclusions the conference will reach disturbed some people, especially when the recommendations of AL-AHRAM newspaper's conference on the issue of the protection of values and sovereignty of the law were announced. These people demanded by every means that the conference be postponed and finally did manage to postpone it to an undisclosed date after the summer vacations. In this regard, we are interested in publishing the recommendations of this symposium, in which numerous members of the judiciary, university professors, senior lawyers and members of the People's Assembly took part.

The symposium considered that it is necessary and inevitable that a sound, constructive, fair balance between the authorities and the people and between the elements constituting the authorities themselves and the various segments of the people, with their diverse approaches and attitudes, be achieved at the "Egypt of Tomorrow" (conference). It considered that would be achieved only through a conference of free people and a community with more democracy, greater production and comprehensive development. To be specific, it is necessary to use this historic moment on behalf of cultural, intellectual, humane, economic and social progress, in order to promote the basic, genuine values the Egyptian people have acquired in the course of 7,000 years of recorded human history.

The symposium considers that it is necessary to establish an exemplary society in which the citizen will, on his own, see and sense good examples from his leaders at every level and will receive his rights in exchange for his obligations.

In application, it is necessary that there be guarantees which will ensure such progress along this path toward a review of the constitution and the laws and will bring about:

1. A limitation on the powers of the president, the prime minister, the People's and Consultative Assemblies and the executive and popular agencies.
2. Attention to the independence of the judiciary, restriction of the judiciary to regular, specialized judges, and support for the judiciary, with all its grades.
3. Elimination of press laws turning the press into a fourth estate, in a manner guaranteeing independence and freedom for newspapers and total freedom for journalists, with the right to issue papers.
4. The grant of freedom to establish parties. There will be no harm in having many such parties at the outset; with the passage of time, some will be merged into others and others will be eliminated as a result of a lack of public interest in them.
5. The cleaning up of existing laws and a commitment to guaranteeing and affirming human rights in the new laws.
6. In order to guarantee the freedom and impartiality of elections, it is necessary that the Election Department be incorporated into the Ministry of Justice, so that it can take charge of administering election activities in full in all their details by means of the judiciary.
7. The effort to apply social justice, which will have the effect of increasing production and development in their comprehensive cultural, economic and social sense. This will have the effect of deeply implanting and preserving the genuine values of our society.
8. Applying democracy, since that is a genuine right of the people, and socialism, as one of their basic demands. This will guarantee the sovereignty of the law, which protects human rights and freedom, provided that the rulers and the ruled commit themselves to it.
9. Granting freedom of opinion and expression and solving problems that now stand in the way of pedagogical educational, cultural, media and other agencies, in order to support people's values, without placing any restrictions on them or exposing people who hold opinions to any kind of coercion, and opening up other fields without close supervision or censorship over popular activities.
10. Inculcating constant, continuous coordination among all sectors of the government so that they may cooperate in a manner serving human progress, the development of society and the resurgence of the government.

### Leftist Criticizes Conference Plans

Cairo AL-AHALI in Arabic No 32, 19 May 82 p 5

[Article by Dr 'Abd-al-'Azim Anis; AL-AHALI is the Organ of the NPUC Party]

/Text/ The decision to postpone the "Egypt of Tomorrow" Conference is a step in the right direction. I do not, at the outset, want to hide my anxieties about what is going on regarding the "Egypt of Tomorrow" Conference.

As to what the papers are publishing on this conference, if what they are publishing is correct and the conference has been broken down into four committees--the population committee, the committee on values, the committee on democracy and the committee on social justice--this means that we will be going back to the old refrain and the old line, the refrain of dealing with the population question apart from the issue of economic development, indeed the refrain of dealing with the issue of social justice or values apart from the issue of development. This kind of disconnected method of dealing with social problems is a waste of time and effort; in the best of cases it will lead only to the generation of a number of papers which will be slated for oblivion in libraries, as their likes have been forgotten before them!

I understand that the "Egypt of Today" Conference is an attempt to draw up a broad strategy on the future of Egypt over the long range, 20 years for instance, and I understand that issues like the population question are put into this sort of conference only on that basis. No intelligent person who knows anything about the population issue and research on it fails to realize that reducing the population growth rate in any country is a long-range issue, if it is carried out, and that it is an issue that is most firmly linked to the question of poverty on the one hand and the future of development on the other. If my understanding is correct, I do not see how the main committee in such a conference could not be one dealing with economic and social development, from within which other committees, such as those on the population, democracy and so forth, might arise. It might be said that since an economic conference preceded the conference on "Egypt of Tomorrow," a committee on economic development was not formed for the new one. However, the answer to that argument is easy--the economic conference did not discuss the problems of development of Egypt from the economic standpoint over the long range, 20 or 30 years, for example; rather, it discussed Egypt's urgent economic problems, the problems of the next 3 years. What prompted the convening of the economic conference was the officials' unequivocal feeling that we were proceeding along the road to economic catastrophe and that the current economic course had to be corrected by urgent, decisive measures. Therefore let us state that the economic conference was an attempt at "national salvation" from a situation in which Egypt's foreign debts had piled up and reached \$18 billion; in which the balance of payments deficit had grown; in which the flames of inflation had intensified as far as the majority of the people, who do not traffic in rotten food or lumber, do not import goods for boutiques or supermarkets, and do not build houses that fall on their inhabitants' heads in a few months, were concerned; a situation in which wages' share of real domestic product had shrunk from 50 percent, in 1970, to

(imagine!) about 30 percent in 1979; and a situation in which about one third the population of Egypt, by the best estimates, live below the poverty line, suffering from malnutrition and the horrors of hunger!

This is the crisis which the economic conference was the first attempt to cope with. On this basis, the Grouping Party presented the conference with its conception of ways for dealing with the crisis, as did the other parties.

Regardless of the conference's success or failure in setting out a plan to deal with the current situation, there is no doubt that this conference did not try to propound a solution to Egypt's economic problems over the strategic long range. The Egypt of tomorrow /conference/ is such a strategic, long vision; otherwise, what is the sense of putting the population issue into a conference like this?

If we move over to the issue of population by itself, my anxiety, and that of many people, turns into panic over what is going on and being written on this subject.

The true nature of the danger is that some officials in Egypt, and in the media, under the influence which an American organization which traffics in futuristic studies has exerted on them, are talking about the population issue as if it could be solved by preaching or by laws and measures based on spreading desire and fear, or by decisiveness and severity, violating the general current of development thinking in the whole world, thus violating the conclusions of the 1974 United Nations conference in Bucharest and indeed even the conclusions that the literature of the World Bank and its former President MacNamara reached recently.

While the whole world has indisputably reached agreement on the fact that the real solution to the problem of the population increase lies in confronting the problems of poverty, ignorance and poor sanitation, and that any other solution is tantamount to giving a Moslem call to prayer in Malta, some of us go so far as to imagine that laws can resolve some aspects of this extremely difficult situation. Lest I be accused of exaggerating, let me refer to the articles by Sami Diyab and Muhammad 'Abd-al-Mun'im, editors of AL-AHRAM, and Fu'ad Sultan of AL-AHRAM AL-IQTISADI, as just a sample of open invitations for the use of law on the issue of controlling the birth rate.

First, they do not realize that they are playing with political dynamite which if it explodes will lead to a rupture between the people on the one hand and the regime on the other. That is precisely what happened some years ago to Indira Gandhi's government in India, when her opponents used this issue to defame her and defeat her in the general elections. Secondly, they do not either, that through this malicious talk they are repeating the doctrines of a reactionary American school which has a narrow intellectual influence in the international context and indeed in the West itself.

Since the fashion of futuristic studies began in the seventies, the new Malthus school, headed by people like Heilbroner, Spengler and so forth, made its appearance. This school then found some partisans in the likes of Meadows, author of the book "The Limits of Growth," who sought the aid of computers to assert their views. We can call this school the "School of Panic over the Third World and Its

Population Growth." In general, it represents the reactionary conservative segment of Western thinking. Spengler believes "every American aid dollar spent on limiting the birthrate is better than a hundred dollars spent on development!" Heilbroner declares explicitly in his books and research work that the only way to control the birthrate in the third world is embodied in the presence of dictatorial governments in those countries, dealing with their populations decisively and through laws; otherwise, the alternative will be chaos! After that come men like Meadows and Forster who follow the same thinking, build mathematical models and use computers. To people who do not know anything about these models, they seem to be using the latest craze in the modern world, although they only put their own social biases into their models, they seem to be using the latest craze in the modern world, although they only put their own social biases into their models to arrive at the conclusions they want!

These gentlemen say that the world will be facing a catastrophe if the population is not controlled; we say that the catastrophe exists and is actually at hand and that we do not need mathematical models or computers to prove that. Isn't the real catastrophe the fact that 1 billion inhabitants of the third world appear to be hungry today while the rich do not want to give up anything at all to the poor?

After that we come to that American organization which traffics in futuristic studies. Believe me when I say that from the standpoint of principle we do not need this sort of organization to tell us what the newspapers are publishing. Egypt is not Central Africa or Zaire. There are respected population study centers and specialized scholars in Egypt. There is the Center of Population Studies in the Central Agency of Mobilization and Statistics, there is the Cairo Demographic Center which Egypt established in cooperation with the United Nations, and there are the population study centers in the Egyptian universities. All of these organizations have been able to give us better and more intelligent estimates and ideas than the estimates and ideas of these American bodies. The fashion of "futuristic studies" has taken some American universities by storm, but the danger with these studies is that they are based on premises and platforms that are not the subject of agreement but are the object of extreme dispute among various social schools, and, consequently, to view the results of these studies as we would look at natural or mathematical laws is an extreme fallacy and proof of great ignorance. Then some of these journalists in the "nationwide press" offer us this sort of study to beat the drums of these reactionary schools in the United States!

There remains the issue of values, to which the "Egypt of Tomorrow" Conference has devoted a special committee. I do not understand why they should have a special committee and a special rapporteur. Values are not investigated apart from social justice. If the purpose of values is sincerity in work, self-discipline in production, loyalty to the nation and so forth, that cannot be investigated apart from social justice. It was understood that the two committees would include the statements a single one would make, or else the people would view this sort of talk with the same ridicule and doubt with which they heard talk about "the morality of the village" and "respect for the law," because they knew that talk is one thing and action something else!

Can I point you to one value that is more important than any other value in the field of public activity?

That is the value of loyalty to the interests of the overwhelming majority of this people, that is, loyalty to the interests of its poor people. It is the value on whose basis all officials in leadership positions in the apparatuses of the government and the public sector must be held to account. It is this value which has been missing in Egypt in recent years. Perhaps this value needs not a conference but measures and decrees. The people, who have been given hopes for the era of Husni Mubarak, have the right to aspire to such measures and decrees, which will remove persons who enriched themselves at the expense of the people, or persons who helped them to do so, from positions of influence and responsibility!

#### Rightist Criticizes Conference

Cairo AL-AHRAR in Arabic No 199, 17 May 82 p 1

[Article by Mustafa Kamil Murad; AL-AHRAR is the Organ of the Social Liberal Party]

[Text] Perhaps, among the countries of the world, Egypt is one of those which hold the most conferences and issue the most resolutions and recommendations. If the government reviews the statistics on the conferences held in 1981, it will find that they were in excess of 100. They issued thousands of resolutions but after them, we find, things continued to proceed as they had.

President Husni Mubarak called for an enlarged economic conference consisting of an elite of economists and businessmen in which all parties and policies would be represented. The conference met and issued its recommendations in general form, in broad outlines, and President Husni Mubarak then considered it proper to have five committees formed to set out detailed plans for correcting the course of the economy, so that he would have more than one detailed solution to the Egyptian economic problem at hand.

The committees will meet and will set forth their various plans for reform. President Mubarak and Dr Muhyi-al-Din's cabinet may see fit to adopt one of these plans, or portions of it, after which matters will then return to their previous state, conferences will follow on conferences, and decrees will be pondered.

Then the situation will remain as it is!

The Liberal Party is not against the holding of conferences and it does not object to the issuance of recommendations, not just in the field of the economy but also in all productive and service fields of all types. The conferences are a means for exchanging views and reviewing opinions, ideas and research, and they are a means for evaluating the situation in the field on which the conference has been held.

Therefore they are a necessity, and there is no dispute over that.

However, the Liberal Party considers that the resolutions and recommendations of these conferences should be put into effect, their execution should be monitored, and the execution should be subjected to a practical, truthful, real evaluation,

so that we can ascertain the extent to which the application of these resolutions has succeeded, the extent to which it has been possible to carry them out, and the extent to which the citizens accept them and are won over by them.

The application, execution and then field monitoring of the resolution are of no less importance than the resolution itself. Indeed, their importance greatly exceeds it. The resolution may be sound but difficult to carry out for one reason or another.

An example of that is the fact that the latest economic conference issued a recommendation that the volume of investment should increase to 6 billion pounds to create 400,000 job opportunities to absorb the waves of young people who are demanding jobs and flowing into the job market.

The comment by Dr Fu'ad Muhyi-al-Din, the prime minister, was "Where will we get that money from? The conference's resolution was founded on the assumption that all the manpower looking for work in the 1982-83 budget would be absorbed and that it is necessary that an average of 15,000 pounds be invested to create one job opportunity. This is a sound supposition on the conference's part, but it is difficult to carry it out from the practical standpoint when we take into account Egypt's ability to invest in the public and private sectors and the volume of real savings (public and private) plus the volume of loans, grants and facilities available from the outer world. The inevitable result will be either that the government will resort to financing the plan through a deficit, that is, by borrowing from the banking system, that is, by issuing Egyptian banknotes in exchange for treasury notes, going beyond sound recognized limits in deficit financing policy (which is that the volume of such financing should not exceed 10 percent of the government's sovereign revenues), or that inflation, that is, increased prices, will be the result of a deficit financing policy which exceeds proper monetary and fiscal rules, as we have pointed out.

The Liberal Party considers that Egypt's real problem is execution, programs of execution and problems of execution. This is the problem facing every plan and faces every decision. Egyptian minds, Egyptian expertise and Egyptian sagacity are all able to set forth plans and issue resolutions in a manner that calls for amazement and appreciation alike. Have we discussed the problems of execution, its obstacles, and the causes of these obstacles? Do they lie in the bills? Or do they lie in the officials who apply the bills or in the deviant behavior which lies in the spirits of a few people? Or do they lie in the power concentrated in the hand of the ministers? Or where?

This is Egypt's real problem, and we will have an appointment to talk about problems of execution and means of consolidation in the next article.

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## VARIOUS 6-MONTH PETROLEUM INDUSTRY STATISTICS REVIEWED

Cairo AL-BATRUL in Arabic No 1, Jan-Feb 82 pp 60, 61

/Article by Samihah Isma'il: "Petroleum in the Arab Republic of Egypt" //Excerpts/ Petroleum Activity

The Egyptian petroleum sector in the first half of fiscal 1981-82 (July-December) carried out the following activities:

## Crude Oil Production

During this period, crude oil production totalled 16,182,000 tons, or 50 percent of the year's target. Herewith is the data on that as compared with the preceding year:

Company	Target 1981-82	Actual July-Dec	Rate of Performance (Percent)	Actual July-Dec <u>/1981/</u>	Change from Correspond- ing Period
General /Petrol- eum Company/	965	592	61	624	-5
Petrobel	6,736	3,072	46	2,751	+12
Gupco (Suez Gulf)	22,283	11,334	51	10,883	+4
Gupco (Western (Desert)	695	310	45	281	+10
Wepco	240	180	75	196	- 8
Shu'ab 'Ali	8,330	553	66	332	+67
Ibedco	220	125	57	71	+76
Osoco	98	16	16	--	--
Amoco	358	--	--	10	--
Agiptco	72	--	--	--	--
Total	32,500	16,182	50	15,148	+ 7

## Gas and Gas Products

Gas production came to 1,125,000 tons, or 38 percent of the target for the year. Here is a statement and a comparison with the corresponding period:

Description	Target 1981-82	Actual July-Dec	Rate of Performance (Percent)	Actual <u>July-Dec</u> <u>/1981/</u>	Change from Correspond- ing Period
<b>1. Gases</b>					
Abu Madi	740	323	44	295	+9
Abu al-Gharadiq	950	400	42	399	+0.3
Abu Qir	730	201	28	196	+3
Gulf of Suez	80	--	--	--	--
Total	2,500	924	37	980	+4
<b>1/2. Condensates</b>					
Abu Madi	100	45	45	39	+15
Abu al-Gharadiq	204	96	47	110	-13
Abu Qir	90	22	24	22	--
Gulf of Suez	16	--	--	--	--
Total	410	163	40	171	-5
<b>1/3. Liquid Gases</b>					
Butagaz/Gharadiq	73	38	52	36	+6
Gulf of Suez	7	--	--	--	--
Total	80	38	48	36	+6
Grand Total	2,990	1,125	38	1,097	+3

## Geophysical Survey Team Activity in the Last Quarter of 1981, Western Desert

In the final quarter of 1981, three seismic crews were working in the areas of Maryut, East al-'Alamayn, West al-Razzaq, Badr al-Din, Abu Sinan and Sitra; 1,057 kilometers of seismic lines were surveyed, for a total activity of six team-months.

### Delta

Three onshore seismic exploration teams carried out 1,115 kilometers of seismic lines in the Sharbin, Abu Madi, Jamsah and al-Qantarah areas for a total activity of five team-months.

### Sinai

Geophysical exploration activities in the Sinai areas intensified; four onshore seismic exploration teams covered an area of 1,115 kilometers of seismic lines for a total activity of 8 team-months in the areas of al-Bardawil, the Bitter Lakes, Fir'an, Belayim Onshore, southwest al-'Arish and the al-Qa' Plain.

### Western Desert

One seismic exploration team carried out 316.7 kilometers of seismic lines in the Jamsah area, for a total activity of two team-months.

### Offshore Areas, Offshore North Delta

A single seismic crew covered offshore seismic areas in deep and shallow water with seismic lines totalling 159 kilometers in the Abu Qir area for a total activity of one crew-month.

### Gulf of Suez

Offshore seismic exploration activity in the Gulf of Suez intensified; there was a total of six seismic exploration teams covering an area of 2,696.7 kilometers in the South Belayim, Shu'ab 'Ali, Ra's Kanisah, Nabawi, South Jarah, Shuqayr and West Suez Gulf Areas.

### Offshore South Sinai

Two seismic exploration crews working in areas 15 and 27 of northern Sinai, covered an area of 2,347.1 square kilometers. Work is still underway for a total activity of 2.3 team-months.

### Investments

Investments made during the period July-December 1981 came to 42,715,000 pounds, 32,440,000 pounds of which or 63 percent of the volume specified for the period were in foreign currency, as follows /in millions of pounds/

Project	Allotted for year		Specified for period	Made during period		Rate of Execution (Percent)	
	Total	Foreign		Total	Foreign	Year	Period
Exploration and Product'n Sector	136.685	109.966	68.726	42.715	32.440	31	63
Refining and Processing Sector	130.326	97.578	55.188	80.414	59.791	62	146
Transportation and Distribution Sector	115.378	66.976	44.538	34.401	17.453	30	77
Grand Total	382.389	274.520	168.452	157.530	109.684	41	94

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BRIEFS

FOREIGN MINISTRY SPENDING--The Foreign Ministry has taken a number of measures to control ministry spending. Ambassador Salah Khalifah, first deputy foreign minister, stated that it has been decided, in the context of these measures, that members of the Egyptian diplomatic corps will give up 10 percent of their extra expense allowances. He pointed out that it has also been decided to reduce the number of administrators in Egypt's embassies abroad by 10 percent and to control expenses in general. /Text/ /Cairo AKHBAR AL-YAWM in Arabic 22 May 81 p 1/ 11887

DIVERSITY OF SURVEILLANCE--AKHBAR AL-YAWM has learned that the government has started to adopt the system of multiple surveillance agencies in order to guarantee that information is thoroughly assembled by collecting it from more than one source rather than settling on a single source of information. An official source told AKHBAR AL-YAWM that multiple sources will give the government the greatest guarantees for verifying the information it requires and that this is related to the public interest. Pursuant to that, each agency will receive its sources, information and investigations by itself and will present its reports to the higher bodies within which all the reports the numerous surveillance agencies carry out are assembled. The official source added that a single eye can fail to notice remote points or might not be able to acquire a clear, full picture. Conversely, a number of eyes will permit each eye to present what it sees while what it does not see is rounded out by others. Thus cooperation will be indirectly achieved among all the information and surveillance agencies in the government. /Text/ /Cairo AKHBAR AL-YAWM in Arabic 22 May 82 p 1/ 11887

GOVERNMENT PRICE FREEZE--The Council of Ministers has issued a decree prohibiting all government or public sector organizations from raising the prices of their product without referring to the Council of Ministers and competent ministerial committees in areas of conspicuous spending, in the form of parties and advertisements, in order to achieve control in government spending. /Text/ /Cairo AKHBAR AL-YAWM in Arabic 22 May 82 p 1/ 11887

HOUSING SOCIETY SURVEY--The Ministry of Housing has reached agreement with the Ministry of the Interior on carrying out a comprehensive survey of existing housing societies. This will be done in order to confirm that their existence is legal in accordance with the law and to adopt decisive measures vis-a-vis phantom societies or societies violating the provisions of the law, in order to protect the citizens. Eng Hasaballah al-Kafrawi, the minister of housing and minister of

state for redevelopment, made this statement and declared that he had issued a decree forming a committee of senior officials in the Housing Ministry to facilitate work and cooperate with the factfinding committee which the People's Assembly had formed to discuss conduct which had been observed in the South al-Tahrir Company. /Text/ Cairo AKHBAR AL-YAWM in Arabic 22 May 82 p 1/ 11887

PERFORMANCE EVALUATION DEPARTMENT--The Central Agency for Organization and Management has decided to establish a central department in the agency to assume charge of performance in government and public sector units, ascertain the results of work in various units and compatibility between results and goals and plans set forth, ascertain problems and obstacles and set out immediate solutions to those. Dr Hasan Tawfiq, chairman of the agency, declared that it had also been decided to form three groups of agency experts to assist administrative bodies and service facilities in the two Sinai governorates. These groups will be established on an equal basis at the start of next month in order to provide technical advice in the field of administrative organization and activity and work methods and simplify procedures in mass service units. /Text/ Cairo MAYU in Arabic No 70, 24 May 82 p 7/ 11887

BIG BILLS SUSPENDED--Yesterday Dr Fu'ad Hashim, the minister of economy, declared at the People's Assembly that it has been decided to suspend the issuance of new 100-pound currency notes. Notes of this denomination that exist on the market will be gradually withdrawn in order to limit the process of smuggling Egyptian pounds, which is based on the smuggling of 100-pound notes. /Text/ Cairo AL-AKHBAR in Arabic 25 May 82 p 1/ 11887

PRESIDENT'S POWERS EXTENDED--The People's Assembly gave its agreement yesterday by a two-thirds majority to the draft of a law requiring that the powers delegated to the president to issue decrees possessing the force of law in order to guarantee the country's economic well-being be extended for a period of 1 year starting this 30 May. /Text/ Cairo AL-AKHBAR in Arabic 25 May 82 p 1/ 11887

NEW LAWS ON ELECTIONS--The People's Assembly Committee of Recommendations and Complaints, at its meeting yesterday under the chairmanship of 'Uways 'Abd-al-Hamid 'Umar, vice-chairman of the committee, gave its agreement to the proposed draft of a law amending the law on the organization of the pursuit of political rights presented by Eng Ibrahim Shukri, member of the People's Assembly and chairman of the Labor Party. The draft calls for a radical change in all electoral rolls. It calls for all males who can engage in political rights to be listed in the electoral rolls and states that women must be enrolled if they apply for that, on condition that they have obtained identity cards. The draft stipulates that people who have acquired Egyptian citizenship by nationalization not be listed unless at least 5 years have elapsed since they acquired it. The new law also compelled the civil registry offices to inform police precincts and centers of the names of males who have reached age 18 and are residing in their precincts, and the names of people who are deceased and people who change their place of residence when that is indicated on their identity or family card. They will also convey the names of females who hold identity cards in the event they die or change their place of residence. The draft also stipulates that the office of the public prosecutor inform the Ministry of the Interior of final provisions that result in depriving people of the exercise of their political rights. [Text] [Cairo AL-AKHBAR in Arabic 25 May 82 p 6] 11887

PREVAILING CONDITIONS ANALYZED BY MONARCHIST PAPER

Paris IRAN LIBRE in French 17 May 82 pp 1-2

Text It took only 3 years for the abominable Khomeyni regime to progress from anarchy to the most abject totalitarianism, whose seed it contained from its very origin. The sheer size of the crimes perpetrated by the Islamic republic would normally have brought about its downfall. But it has survived thanks to strong foreign collusion which worked to its advantage, and also perhaps thanks to the errors committed by opponents of the regime. We recall for the record a few of the actions committed in the past 2 years by Iran's new masters:

- Mass assassinations
- Extermination of opponents from all sides
- Persecution of ethnic minorities and/or religious minorities
- Systematic violation of international law
- Destruction of the cultural heritage of the country
- Organization of terrorism abroad
- Massacres of children.

None of these abominations has apparently persuaded the so-called civilized countries to break off relations with the Islamic republic, which has kept its place among the community of nations. This explains the apparent self-assurance of the Khomeyni regime.

Internal opposition has been muzzled.

-The people's Mojahedin organization has been virtually destroyed, at a cost of several thousand lives.

-Religious opposition is being eliminated. The supreme authority of Shite Islam, represented by the Ayatollah Shari'atmadari, was not only put to one side but was rediculed. The mullahs in power no longer respect any moral principle. Everyone remembers that Khomeyni owes his progress in the hierarchy and even his survival to Shari'atmadari. But the "Supreme Guide" considers that he can do anything he wants. Iran is living in a state of terror. The opposition can no longer struggle except clandestinely. In future, its action inside the country must be underground and it must be determined to struggle fiercely under the worst of conditions.

As for the opposition abroad, which groups together a whole scale of contradictory ideologies that are difficult to reconcile, over the months it has made some errors. Through its carelessness and inconsistency, it has played into the hands of the regime in power and, after having embodied so many hopes, it has become supremely unpopular within the country.

-The Communists pressed the inhabitants of the provinces of Kurdistan and Azerbaijan as well as the Turkoman populations to revolt. No one had the means for protection nor the experience for this kind of struggle. The central government has thus been able to crush these rebellions quickly. Moreover, it is to be noted that in these territories, the sweeps made by the Pasdaran against the nationalist forces were made possible only because the Tudeh had collaborated with the forces of repression.

-The Mojahedin wanted at all costs to obtain power but they were by no means ready for it. They showed their hand prematurely and stupidly sent to their deaths thousands of adolescents whom they had misled. Worse yet, their leaders dishonored themselves, cowardly taking flight, going even so far as to abandon their families on the spot.

-The socio-democrats collaborated with Iraq. They were only able to open up innumerable offices in Paris which served no purpose, and to waste considerable sums of money by attempting all sorts of clumsy actions.

-Too many opponents gave their utmost to making stupid forecasts, immediately contradicted by events, and to proclaiming that in 3 months they were going to return to Tehran as conquerors, or even that they were going to free the capital "at the end of August."

All those people only helped to destroy the prestige and moral authority of the opposition abroad, to such an extent that Khomeyni could calmly state: "Leave them alone; exile will kill them."

As for the army, it will stay together only as long as the war lasts. The Pasdaran will very soon have the benefit of a government order, already under study in the Islamic parliament, and have its own ministry. On paper the army, the police, and the gendarmerie will remain responsible for the security of the country. The Pasdaran will have the mission of maintaining surveillance over the revolution--that is to say, their task will be to eliminate any opposition and propagate the Khomeyni ideology both at home and abroad. These guardians of the revolution, whose budding ambitions are carefully nurtured by the authorities, will not replace the army. They will be a counterpoise to it until there is a definitive solution. Then they will absorb or supplant it completely.

The Islamic republic, while waiting to liberate Jerusalem, and intoxicated by its victories over Iraq, is already becoming the policeman of the Gulf. Rafsanjani has just proclaimed: "If the Iraqi regime does not accept our peace terms, we shall lay siege to Baghdad." Moreover, 'Ali Akbar Velayati, the foreign minister, has declared, "If Saddam tries to violate the integrity

of the small Gulf states, we shall cut off his hand." That is to say, like a thief. Alas, faced with the dangers of Khomeynism that threatens them, the Gulf states are paralyzed with fear. They prefer to wait and see what happens rather than confront the danger.

At this stage, the Khomeyni regime does not even fear the financial bankruptcy that awaits it. Its economic models are regularly revised and readjusted to take into account the country's increasing impoverishment. Abroad, it is creating illusions by increasing its diplomatic contacts and holding out hopes for attractive contracts. In reality, these big deals turn out to be pitiful bartering transactions, signed to the detriment of our country. Petroleum is sold off in exchange for overpriced consumer goods. Thus we see why the mullah delegations are received with such great attentiveness abroad.

Henceforth, observers must more than ever be on guard and not accept superficial analyses. The important thing will not be sensational. They should watch for the spark that one day will inevitably provoke a conflagration. Alas, too many Western politicians do not want this spark to occur, and they will do all they can to put it out when the moment comes. But at that time news professionals will have the duty of recognizing it.

9772  
CSO: 4619/107

IRAN

COMMENTS ON SADDAM'S WITHDRAWAL SPEECH

GF221336 (Clandestine) Free Voice of Iran in Persian to Iran 1500 GMT  
21 Jun 82

[Unattributed commentary]

[Excerpts] Compatriots, the Iraqi president's latest speech, based on evacuation of Iraqi troops from Iranian territory, closed all the vistas for excuses by Khomeyni's regime, which considers the continuation of the war essential for the prolongation of its life. During the course of the power struggle on the Iranian scenario, the Soviet Union and the United States did not abstain from sending all kinds of military arms and equipment to Khomeyni's regime, which also accepted arms from Israel. The time has come to see what new artifice it will employ now. What excuse will it give for extending the war?

It is interesting to note that Khomeyni's regime is trying to cover its relations with Israel and with the East and West with a cacophonous clamor regarding the dispatch of forces to fight Israel in Lebanon. It thinks it can divert national opinion from the real issue: the conspiracy of support for the Israeli regime by the Khomeyni regime, which has opened up a second front [as heard] against the Islamic and Arab countries by means of its fraudulent acts. Besides, the forces that Khomeyni has dispatched after all this loud proclamation to fight Israel do not exceed 1,000.

Syria has not yet been able to retrieve the Golan Heights. Its forces could not play even a small part in Lebanon and preferred retreat to resistance. What will a band of 500 guards be able to achieve? The Khomeyni regime is using it as a publicity stunt and a blind to cover its relations with Israel.

True to its nature, the Khomeyni regime still has excuses up its sleeve. Khomeyni, who is the main instigator in fanning the flames of this fire, will not discontinue the war and openly declares: We are still at war. Until conditions which do not conform to international norms, diplomacy logic or reason are met, the flames of the war will be kept alight. Khomeyni, who is afraid to give up the excuses for continuing the war with Iraq and sees his regime in the throes of decline, was forced to speak out and announced conditions that cannot be fulfilled.

If the war with Iraq ends, he wants to open up a new front, a front which he began to mention some time ago; that is, a war against Israel. But is he going to fight the war with a handful of 500 people who are in Syria? It is expected that Khomeyni will say no. In fact, he will say: I have 10,000 armed men, all of whom I am ready to send to war against Israel. But if he himself knows that he is not speaking the truth, the people may not know yet. We are placing these facts before the people so that they themselves may be the judges and jury.

The one who named his attacks "Jerusalem operation" and "Bayt-ol Moqaddas" and said that his motive in attacking Iraq was to reach Jerusalem should prove [words indistinct] now that he has a long open road ahead of him after Iraq announced a pullout of its troops from Iranian territory. He should prove how true he is to his promises and how he plans to break the back of Israel and return Palestine to the Palestinians.

CSO: 4640/367

## RELATIONS WITH SOVIET UNION DISCUSSED

## Attack on Soviet Policy

Tehran IRAN PRESS DIGEST in English 25 May 82 p 31

[Text] In last week's Friday prayers (May 21), the Soviet policy was once again criticised strongly and Jalaleddin Farsi, Member of the Cultural Revolution Headquarters and former candidate for presidency and premiership, hit out at the Soviet Government for extending aid to the Saddam regime. Farsi said: "The individuals who are helping Saddam, at one time, considered the Shah to be the 'gendarme of the region'. However, now Saddam is the armed bandit of the region and they are not protesting at it". He continued: "Why the Soviets have armed Iraq so much?" While addressing the Soviet Union, he said: "Why Moscow has signed a treaty of friendship and cooperation with Iraq? A few days ago, it sent greetings especially on the anniversary of conclusion of this treaty. The reason is that this act is in the sense of reiterating this accord". He also added: "This takes place at a time when the type of arms extended by USSR to Iraq have never been given to Syria which is fighting it out with Israel" (Jomhouri Islami, May 22).

Jalaleddin Farsi who is also conversant with the Russian language is already recognised among the IRI officials as an anti-Soviet individual. He paid a goodwill visit to the Soviet Union last year and toured several cities. But upon his return, he strongly criticised the Soviet Union in his writings and speeches. Due to this reason, he was attacked and criticised by radio Moscow on several occasions. But the Soviets tried to view Farsi separated from the Islamic Government, and at a time when Jalaleddin Farsi and anti-Soviet elements in the Islamic Government were being criticised, they laid emphasis on the IRI-Soviet friendship.

At present, the Irano-Soviet relations are not in an active state. While the Iranian Embassy in Moscow is still being run by the Charge d'Affairs, the Iranian Foreign Ministry last week announced that it has agreed to the appointment of V. K. Boldyrev as the new Soviet Ambassador to Iran. The issue to which Farsi referred, that is the export of Soviet weapons to Iraq, is not clear since presently, Iraq is receiving a part of its required arms and spare parts from Egypt. However, as Radio Baghdad and Radio Moscow announced in recent weeks, cordial ties are being maintained between the two countries.

## Friction Over Iraqi War

Tehran IRAN PRESS DIGEST in English 8 Jun 82 p 26

[Text] Last week TASS officially announced that Iran had approved the new Soviet Ambassador, and now Tehran is looking forward to his arrival. Considering the tenseness of the Irano-Iraqi war, observers believe that the Soviet Ambassador will make haste in arriving in Iran, to begin his negotiations with the Iranian authorities on the war as soon as possible.

The USSR's anxiety about the prolongation of the Irano-Iraqi war stressed anew last week in Leonid Brezhnev's meeting with the Czechoslovakian President Gustave Huzak. "In these negotiations", the Daily Kayhan quotes TASS, "Leonid Brezhnev and Gustave Huzak paid serious attention to the ever-increasing conflicts between Iran and Iraq. They reaffirmed the necessity of finding an immediate, just, political situation to end the war". (Kayhan, June 3).

Prior to that, Pravda had warned against any expansion of military operations in the region, in an article broadcast in detail by the Farsi and international programmes of radio Moscow. The expansion of military operations, Pravda believed, could cause other countries to get involved in the war, and it deplored the fact that all the efforts made by different delegations to end the war had so far proved futile. According to Pravda, this war enabled the US imperialism to expand her military bases in the region. The US considers this bloodshed to the benefit of imperialism only, and supports all efforts made to stop the war and bloodshed. (Radio Moscow, May 31).

A Soviet publication, Sovetskaia Russia, refuted the news published in "Al-Akhbar" (Cairo) concerning sale of Soviet military equipment to Iraq and emphasized that the USSR continues the impartial policy it had adopted from the beginning.

Observers believe that the continuation of the Irano-Iraqi war beyond international border-line and on the Iraqi soil causes USSR great anxiety, in the first place because it may lead to a Face-to-Face confrontation between the USSR and the US in the Gulf region, and secondly because the Soviets are not quite sure whether the regime replacing Saddam, after his overthrow will be more inclined to continue friendly relations with the USSR than he.

Furthermore it is heard that some Arab governments have asked the Soviets to help end the Irano-Iraqi war and the Soviets have answered favourably. Last week, officials of Kuwait's Foreign Ministry had negotiations with the Ambassador of Iran and the USSR, on the problem. (Ettela'at, May 31).

CSO: 4600/553

IRAN

REPORT ON EFFORTS FOR JOINT ISLAMIC FORCE

GF201338 (Clandestine) Voice of Iran in Persian 0330 GMT 20 Jun 82

[Excerpts] While the officials of the Islamic Republic are finding it hard to solve the various domestic problems tormenting them, mullah Hoseyn 'Ali Montazeri last Friday [18 June] ordered the prime minister to send high-ranking mullah delegations to Islamic countries to prepare the ground for a collective war against Israel.

According to foreign diplomats residing in Tehran, the inattention of the regime toward internal problems which require attention on the one hand, and the efforts of its officials to find so-called solutions to various problems existing around the world on the other hand, is unprecedented in human history.

These diplomats express surprise at the absence of interest of the Iranian people with regard to this policy of the ruling mullahs, which amounts to pure treason towards Iran.

According to political observers, the officials of the Khomeyni regime are under obligation to divert the attention of Iranians to problems like Lebanon and at the same time avail themselves of the opportunity to occupy their near friends and adherents by sending missions to foreign capitals.

For similar reasons, mullah Hashemi-Rafsanjani, during the political show at the former Tehran University, once again called for forming a common Islamic force to wipe out Israel, and also called on the so-called stable group among the Arab states to include their armies in this collective force.

We remind our listeners that during the visit of 'Abd al-Salam Jallud, prime minister and number two man in the Libyan regime, to Iran, it was officially announced that the Tehran and Tripoli regimes had agreed to the founding of an Islamic liberation army. 'Abd al-Salam Jallud and his delegation, after a 5-day visit to Iran and talks with the ruling mullahs, left Tehran for Tripoli.

On that occasion Hoseyn Musavi Khamene'i, the prime minister of the mullahs, had told the pressmen at the airport that the major topic discussed between the delegations of al-Qadhdhafi and Khomeyni was the founding of a common army of the Tehran and Tripoli regimes for war against Israel.

The prime minister had also said that this matter would also be discussed with the Syrian officials.

We might as well remind the listeners now that earlier on Thursday, 'Ali Akbar Velayati, the foreign minister of the Khomeyni regime, arrived in Damascus at the head of a high-ranking political-military delegation and has so far met twice with Syrian officials, including Abdul Halim Khaddam, and has held talks with them.

Informed circles in Damascus have announced that the Syrian officials have declined to agree with the Khomeyni-al-Qadhdhafi proposal for founding an Islamic liberation force. They desire a solution to the Lebanese crisis through talks.

Meanwhile, Radio Monte Carlo has reported that between 3,000 and 4,000 Iranian soldiers stationed in the Iranian-Iraqi border regions have arrived in Damascus through the war zones in Iraq in order to enter Lebanese territory when the opportunity permits.

The Syrian officials have not yet agreed on the date of the beginning of cooperation between these soldiers and the Syrian forces for facing the Israeli troops in Lebanon.

A Syrian official spokesman has said that the Damascus government respects the cease-fire between the Syrian and Israeli forces. Therefore, interference by Iranian soldiers under these circumstances would be completely meaningless.

CSO: 4640/367

CLANDESTINE RADIO DISCUSSES USE OF TERRORISM

GF221304 (Clandestine) Free Voice of Iran in Persian to Iran 1500 GMT  
21 Jun 82

[Unattributed commentary]

[Excerpts] Compatriots, mankind condemns terrorism. It is the weapon of force against logic. Doubtlessly, in a world without aggression and oppression an event such as the assassination of the leaders of the Islamic Republican Party [IRP] in Tehran is inhuman and contemptable. However, is our Iran the domain of a just and inoppressive regime? Have the mullahs transformed our Iran to a shangrila and is this why they are still beating their chests and for the past year have given the people of Iran a headache with their moans?

A regime based on blood and cruelty, each brick of its antihuman rule cast from oppression and aggression, terrorism, oppression and murder in the form of massacre, mass executions without trials--execution of children and even pregnant women has been a daily affair in the entire length of its rule; a regime that has based its existence on plunder of national wealth, use of the lash of oppression against the body of the society and delivery of Iran to the Eastern or Western superpower; a regime that has caused the deaths of thousands of people in internal or external wars, entombed innocent people and created such a barbarically suffocating atmosphere that even its president is not safe and flees; a regime whose terrorists kill students in the Philippines and India, murders Tabataba'i in the United States, attempt the assassination of Shapur Bakhtiar in France, puts group after group of freedom-seekers in front of cruel bullets ordered by the fascist religious courts in Khomeyni's fearful Evin prison; a regime whose terrorists in the light of day put a gun to the head of a doctorate student in the capital of France--the country that gave Khomeyni as a gift to the Iranians--because he was a member of an opposition organization or at night attack the hostile of Iranian students in Mainz, Germany, sending 26 Iranian youths and 8 young German policemen to the hospital and a young German woman student to the cemetery, such a regime now is moaning that Beheshti, the "innocent martyr," together with 72 other colleagues of the great imam Khomeyni were sent to hell on such a holy occasion. Is there no cause and effect in the world? Why is it that those opposing the regime of mullahs have resorted to arms and sending individuals of groups of mullahs to hell?

No explanation is necessary. The entire world knows that the reason for the opposition's use of arms and assassination of notable regime figures is the criminal and antihuman acts of a handful of treacherous, unpatriotic, colonialist allies and ungodly mullahs who rule through the regime. Mullah 'Ali Khamene'i, short as he is, is himself responsible for the tragic death of hundreds of army personnel.

Those who have made a joke of religion in order to maintain their rule, those who do not adhere to any human or divine rule, those who do not stop at any act in order to satisfy their blind inferiority complexes and do not pity even the young have created a clamor for the death of a number of spies and international terrorists these days. They have been moaning so much that any uninformed person could be fooled into thinking that a group of innocent people were assassinated last year at the hands of a godless bunch.

Compatriots, we repeat that terror is condemned. However, is there any way for the nationalist Iranian forces but armed combat against the regime of G-3 carriers and knife-wielding death disseminators? This armed struggle will result in a bloody uprising in which not even one mullah will escape with his life from the hands of 40 million oppressed and yet determined humans.

The so-called regime of the Islamic Republic of Iran is a fascist regime. This regime has been able to impose its fascist principle and expand the conditions of its suffocating rule only by the use of terrorism. In order to uproot such a decadent and destructive system, there is no way but bombing, guerrilla action, armed struggle and efforts to send these blood-sucking animals--who are turbaned but are sucking the blood of the Iranian nation and massacring the children of this nation in their Evins--to hell.

The general secretary of the IRP is the president, another party member is the prime member, other members of the party are Majlis representatives. Its members are jointly ruling the judiciary, administrative and legislative organizations and by using the false and made-up article of Velayat-e Faqih another turbaned Faqih is the guardian of the nation. Such a regime is naturally fascist.

The mullahs who [words indistinct] homeland should themselves be killed. According to Islamic canon, they have to suffer retribution. There is no other way left for our nation. We condemn terror but support the struggle against the antinationalist regime of mullahs in all its aspects. We respect this and, while hailing all those struggling for the freedom of Iran and the Iranian nation, ask all the other groups of compatriots to enter the arena by their side in order to give a new lease of life to the struggle against the turbaned satans and retake the nationalist Iranian government from its usurpers.

Long live Iran! May the nationalist revolution of the Iranians be victorious! Long live the Iranian nation! May the tricolor sun and lion flag of Iran fly forever!

EFFECTS OF MONETARY POLICY ON PRODUCTIVITY STUDIED

Tehran IRAN PRESS DIGEST in English 8 Jun 82 pp 5-6

[Text] Some time ago the country's banking authorities announced that monetary policy during the current year will be a "contracting" monetary policy, which will be based on reducing the volume of money in circulation and controlling credits extended by the banking system. Through the implementation of such a policy, which places emphasis on reducing money in circulation and stepping up productivity by allocating necessary credits to productive sectors and avoiding credit extensions for utilisation in the consumption industries, economic authority will be able to control the rate of inflation and the accelerating rise in prices.

At the present time, with due regard to war conditions and other existing difficulties, the country's economic situation is relatively good. An imposed war, excessive production and supply of crude oil in world markets, and a co-ordinated attempt by the enemies of the Islamic Revolution to create an excess supply of oil in relation to demand in order to render empty Iran's foreign exchange reserves through halting oil sales and preventing the country from meeting the costs of an imposed war, are among the economic problems which we must face.

But through the implementation of a series of economic measures, particularly in regard to safeguarding foreign exchange reserves by economising and reducing imports of non-essential goods, the economic system was able to overcome the obstacles to a large extent and find the necessary answers and solutions, even if only in the short term. Of course in order to overcome the numerous problems existing in the economic sector, long term planning and the adoption of basic and decisive measures in response to the needs and requirements of the majority of people are essentially necessary.

The way in which the banking system is administered, and the manner in which credits are extended to economic sectors, which collectively form the monetary policy, constitute an important factor in administering and guiding general economic trends. On the basis of monetary policy, it is determined how much credit should be allocated to each sector. With due regard to economic aims and objectives, and generally under various conditions and circumstances, the banking system adopts different monetary policies.

During the former regime in Iran the banking system, as well as the country's monetary policy, were administered by capitalists dependent upon foreign companies. Such a policy was based on extending huge credit allocations from public funds to capitalists in the private sector and in addition, private banks whose major shareholders were the afore-mentioned capitalists, drove the banking system even more towards dependence on the banking system of the West. In reality our banking system had come to resemble the plundering banking system of the West.

It should be pointed out that private banks were in considerable debt to the government and, in reality, determined the country's monetary policy and used it to serve personal interests through the utilisation of public funds belonging to the mass of Moslem people.

Following the victory of the Islamic Revolution, which put a stop to dependence and caused changes and transformations in various spheres, coupled with the nationalisation of banks, the government was able to guide the banking system towards a direction conforming to the high ideals and objectives of the Islamic Revolution.

Dr. Mohsen Nourbakhsh, the Governor of the Central Bank of Iran, has said in an interview that the country's monetary policy is a "contracting" or deflationary policy which in the current Iranian year will be put into effect in co-ordination with the government's general policy as a whole.

"The aim of a deflationary policy is in reality to control the supply of money and credits which are infused into society", Nourbakhsh said.

Pointing out that inflation is one of the major economic problems, confronting the country today, the Governor of the Central Bank of Iran said that monetary policy from the current year had been devised to combat the problem of inflation. He said the volume of money in the community will be maintained stable at its present level, and the development credits extended to step up productivity.

"Therefore, any kind of credit or loan which has a consumptive aspect to it, in so far as it contradicts such a policy, will not be extended to applicants", Nourbakhsh said.

Stressing the need to step up productivity, he said that in view of the country's dependence on the import of essential goods and commodities there is a pressing need to increase the productivity of basic commodities, particularly agricultural products. During the current year considerable credit will be allocated to productive sectors of the economy, particularly the agricultural sector, and if the credit is utilised properly, we shall witness a considerable increase in the level of agricultural production.

As far as priority in the allocation of credit is concerned, every priority is expected to be given to rural co-operatives. This is because if large loans are granted to a few farmers, other farmers will be deprived of the opportunity to obtain loans. But if the loans are granted to rural

co-operatives, a large number of farmers will come under the cover of credits extended by the banking system.

With respect to industry, the allocation of credit to the industrial sector carries a special significance in view of the country's enormous dependence on manufactured industrial products. But to goad the montage or "assembly" industries towards self-reliance, establish heavy industries, and help small-scale industries which are labour-intensive and less oriented towards dependence, cannot be possible except through the implementation of correct monetary and credit policies. (Kayhan, May 19, 1982).

CSO: 4600/557

## BRIEFS

KHALKHALI'S SON RECEIVES AMBASSADORSHIP--According to reports arriving from Tehran, Sadeq Khalkhali, the Majlis deputy from Qom, having failed in his efforts to obtain a noteworthy diplomatic post for his eldest child, criticized 'Ali Akbar Velayati during Wednesday's open session of the Majlis. Khalkhali's criticism was superficially due to Velayati's shortcoming in selecting worthy officials who believe in the Islamic Republic as well as the political asylum sought by 14 Iranian diplomats in various posts abroad. According to a report by one of our correspondents in the Islamic Republic, the moment an ambassadorship was granted to Khalkhali's son, all criticism and attacks by the Qom deputy ceased. This indicates the method of obtaining posts in the Islamic Republic. Our correspondent did not indicate the location of Khalkhali's post. We hope to be able to inform you of the location soon. [Text] [GF231538 (Clandestine) Radio Iran in Persian to Iran 1330 GMT 23 Jun 82]

REX CINEMA FIRE--The brother of Ka'badizadeh, who was tried in Abadan for the Rex cinema fire, has accused Parvaresh, the Tehran minister of education and training, of being directly responsible for the fire. Asghar La'badizadeh, the brother of the number one accused in the Rex cinema fire case, went to Parvaresh 3 months ago asking him for a job. Ruhollah Khomeyni's minister of education and training, in order to get rid of him, sent him to Baluchestan at the head of a committee. Following the killing of Baluchi leader Amanollah Khan, Ka'badizadeh was captured by Baluchi forces who are fighting the Islamic Republic. He was accused of being the murderer of Amonallah Khan. In jail he claimed he had proof of Parvaresh's direct involvement in the Rex cinema fire. (?At the insistence) of the Baluchi fighters, he gave them the said documents. According to these documents, Parvaresh, the education and training minister of the government of Mir Hoseyn Musavi--who was receiving guerrilla training in Libya a year before Khomeyni's return to Iran and was sharing a room with 'Abbas Sharif Zamani, alias Abu Sharif, the former commander of the Revolution Guards and the present Islamic Republic ambassador to Pakistan--planned the Rex cinema fire. After consulting with Mohammad Hoseyni Beheshti, he carried out this terrifying crime through a group of clergymen and their agents, including Asghar Ka'badizadeh's brother. [Text] [GF231543 (Clandestine) Radio Iran in Persian to Iran 1330 GMT 23 Jun 82]

LEBANESE STATEMENT CRITICIZED--A group of people in Lebanon who are on Khomeyni's paylist has implicitly warned the Lebanese people that only by following Ruhollah Khomeyni's orders can they be saved from the present crisis. A Voice of Iran correspondent reports that the council of the Muslim 'Ulema of Lebanon's (?al-Biqa'), which consists of a group of pseudoclergy Khomeyni agents, has issued a statement on the present situation condemning any political solution of the Lebanese crisis. This statement, which has been described by Lebanese and political observers as disgraceful and a flagrant intervention in this war-stricken country's internal affairs, calls for the implementation of Khomeyni's decrees. These pseudoclergymen, who receive great sums of money every month from Khomeyni's embassy in Beirut, claim in their statement that the objective behind Israel's attack against Lebanon is actually a confrontation with the mullahs' Islamic Republic. These hireling pseudoclergymen very impudently state at the end of their statement: The Muslims of Lebanon should implement Imam Khomeyni's decrees and fight against the enemies of Islam along side the combatants of the Islamic revolution. [Text] [NC241725 (Clandestine) Voice of Iran in Persian 1805 GMT 23 Jun 82]

RADIO-TELEVISION STRIKES--A special Voice of Iran correspondent reports that a large number of employees of the news unit of the occupied Iranian Radio and Television have started a strike and particularly subaverage work. Our correspondent adds: Last week the employees of the news unit of the occupied radio and television requested from Mohammad Hashemi-Rafsanjani and their other directors a change in working conditions and especially the working hours during the auspicious month of Ramadan, but that the doctrinaire directors rejected this request. Our special correspondent says that on [words indistinct] employees of the news unit failed to appear at the news bureau in protest against the behavior of the organization's directors. Meanwhile, on Wednesday morning the employees who went to work produced subaverage work using various excuses and as a result Wednesday's news programs and especially reports concerning the provinces were affected. Up to this moment we have not received any reports on the reaction by the doctrinaire directors of this organization to the strikes and subaverage work of the news unit of the occupied radio and television in Iran. [Text] [NC241742 (Clandestine) Voice of Iran in Persian 1805 GMT 23 Jun 82]

MOJAHE DIN OPERATIONS--According to the Free Voice of Iran correspondent in Paris, the Mojahedin-e Khalq organization of Iran issued a communique in Paris. The communique said that 38 agents of Khomeyni have been killed in Iran lately. Of these, 34 were members of the Komitehs, guards and of other repressive bodies, such as the mobilization and the crusade. The Mojahedin-e Khalq organization of Iran in Paris similarly announced that an espionage unit of the regime on Bahar Avenue in Tehran has been completely demolished. This unit was managed by a hezbollahi called Sadeqi who, along with three other mercenaries, was employed by an agency called "Dianat" and its purpose was to lure the Mojahedin-e Khalq. [Text] [GF251654 (Clandestine) Free Voice of Iran in Persian to Iran 1500 GMT 24 Jun 82]

PHILIPPINE MORO FRONT LEADER--According to the Central News Unit, Mr Nur Misauri the leader of Moro National Liberation Front, met and conferred with the foreign minister, Mr Velayati, this morning. During this meeting, the Moro leader expressed his gratitude for the stance of the Islamic Republic of Iran in support of the struggles of the Muslims of the Philippines and asked that Iran's support for that movement should continue. Our country's foreign minister replied: Since before the revolution we have followed the struggles of the Muslims of the Philippines with interest and have respected their efforts and self-sacrifices that have continued for 400 years. And now, after the revolution, we have been supporting these struggles as much as possible. God willing, this support will continue in the future. [Text] [LD221332 Tehran Domestic Service in Persian 1030 GMT 22 Jun 82]

ENTRY CONDITIONS--According to our correspondent, the embassy of the Khomeyni regime in Paris has created numerous new problems for the parents of students who live together with them in France who wish to go to Iran on summer vacations. Our correspondent reports that Iranian students who have parents who are retired government employees must deliver written guarantees to the espionage den of the Khomeyni regime in Paris announcing that they forego their pension payments and will donate the funds to the war-stricken foundation. The espionage den of Khomeyni's regime in Paris has arranged a special form that the Iranian retired employees have to sign. Our correspondent states that after signing this form the parents of Iranian students resident in France will be given permission to enter Iran. [Text] [GF221154 (Clandestine) Free Voice of Iran in Persian to Iran 1500 GMT 21 Jun 82]

CSO: 4640/367

## AGRICULTURAL OUTLOOK MARRED BY CONTINUED DROUGHT

Rabat ALMAGRIB in French 20 May 82 p 4

[Text] Berkane (MAP)--The 1981-1982 agricultural season was characterized, up until the end of March, by a continued dry spell. Rainfall has been as follows: Berkane: 14.5 (31 December 1981); 31.4 (31 March 1982); 59.7 (April 1982); 105.6 (30 April 1982). Ain Reggada: 24.0 (31 December 1981); 49.9 (31 March 1982); 89.6 (April 1982); 163.5 (30 April 1982). Zaio: 21.4 (31 December 1981); 46.0 (31 March 1982); 60.3 (April 1982); 127.7 (30 April 1982). Bouareg: 19.5 (31 December 1981); 66.0 (31 March 1982); 56.5 (April 1982); 142.0 (30 April 1982). Monte Arruit: 18.3 (31 December 1981); 65.6 (31 March 1982); 45.1 (April 1982); 129.0 (30 April 1982).

Furthermore, the drought that has persisted for 2 years in the northern Moulouya basin has reduced water reserves of the Mohammed V Dam alarmingly: from 200 million cubic meters in June 1981 to 58 million in September, reaching the lowest level toward the end of December (20 million cubic meters on 23 December 1981).

Given this extremely unfavorable situation and despite all the efforts made by the Office (ORMVAM [presumably Moroccan Agricultural Development Research Office]), most crop programs were carried out only partially.

Nevertheless, one must point out that farmers in the irrigated perimeter responded very favorably to the appeal made to them by the Office regarding the use of underground waters. The number of wells drilled and equipped with electric pumps is 788, meeting the water needs of an area of about 2,500 hectares.

Fortunately, the abundant rainfall thereafter (end of March and throughout April) was very beneficial to existing crops. Flooding due to this precipitation made it possible to bring the dam's water reserves back up to a more reassuring level (231 million cubic meters on 3 May 1982, compared with 44 million at the end of March).

However, given the catastrophic situation characterizing the beginning of the current agricultural season, officials in the Office, together with local authorities, had to resort, following meetings held at different levels, to a series of measures aimed at optimizing the use of available water and protecting the main existing crops (fruit plantations, forage crops, and so on).

Among these measures, one should note: encouragement to farmers to drill and equip wells; the ban on any tree planting; cancellation of all programs for spring crops (new sugar cane crops, spring grain, soybeans and market garden crops); and cessation of the beet planting program beginning on 1 February.

#### Grains

Programs planned for grain crops include 45,000 hectares (34,000 hectares in dry farming and 11,000 in irrigated farming).

In order to intensify the irrigated growing of grain, the Office set up a program of 1,500 hectares to replace barley with wheat and 4,000 hectares of soft wheat, as part of the integrated operation launched for the first time by the Ministry of Agriculture and Agrarian Reform.

It should be pointed out that the program to replace barley with wheat was not carried out because of the poor climatic conditions. Only 50 percent of the integrated operation program was carried out.

Despite the poor conditions, areas devoted to grain represent 39,478 hectares (88 percent of the planned program), of which 27,178 are in dry farming and 12,300 in irrigated farming.

Seeding was done late, essentially during the month of January: 28,460 hectares compared with only 4,500 by the end of December.

With the launching of the Touiza operation (9 January 1982), preparation of the soil and seeding showed clear progress, going from 27,000 to 48,120 hectares for the former and from 7,600 to 39,478 hectares for the latter.

Unfortunately, the prolonged drought that characterized the month of February and the first two weeks of March affected an area of some 8,000 hectares (7,500 in dry farming and 500 hectares in irrigated farming). In addition, because of the late seeding, some 40 percent of the grain planted has not yet bloomed. This situation will probably result in a reduction in areas harvested.

Regarding the integrated operation, the area planted is 1,932 hectares, of which which 230 hectares were affected by the drought. Some 90 percent of the area up has bloomed.

#### Sugar Crops

The program of 5,150 hectares of beats initially planned could not be carried out. The area planted is 1,393 hectares. Seeding stopped at the beginning of February for two essential reasons: The normal period for seeding has been passed and the situation with water reserves at the dam had not improved.

Consequently, an area of 485 hectares, including 200 hectares not up, was abandoned because of the drought. The area thinned amounts to 908 hectares. Growth is average and the area expected to be harvested is about 850 hectares.

The sugar cane milling season began on 8 February 1982 and enjoyed good conditions.

The overall amount of cane received at the Zaio plant is 39,308 tons, compared with 37,298 tons for the preceding season. The area harvested is 802 hectares.

Despite the drought, average yield dropped only slightly (49 tons per hectare compared with 53.3 in 1981).

Finally, the program of 200 hectares of new planting included in the sugar plan was cancelled because of the persistent drought. As a result of the return to old plantations, the area now planted in sugar cane is only 931 hectares.

#### Arboriculture

The arboriculture sector occupies a total surface of 15,280 hectares. It is made up of citrus fruits (9,550 hectares), vineyards (2,760 hectares), olive trees (1,320 hectares) and other species (1,650 hectares).

The area of the different types is as follows: Right bank: 8,918 hectares (citrus fruits); 2,574 hectares (vineyards); 428 hectares (olive trees); and 1,230 hectares (other types). Total: 13,150 hectares. Left bank: 632 hectares (citrus fruits); 186 hectares (vineyards); 892 hectares (olive trees); 420 hectares (other types). Total: 2,130 hectares.

Citrus fruits and vineyards constitute most plantations and are concentrated in the Triffa Plain. Other types of fruit trees occupy the rocky, rough land unsuited for demanding crops.

Regarding citrus fruits, the export campaign enjoyed excellent conditions. It began on 6 November 1981 and ended on 18 April 1982. Tonnages exported were as follows: seedless clementines, 55,044 tons; navels, 2,050 tons; blood oranges, 845 tons; late Marec, 649 tons; salutiana, 198 tons. Total: 58,786 tons.

The relatively high percentage of culs (30 percent compared with 24 percent in 1981) is due to the high proportion of small fruit and the nonexportation of a large part of size 6.

In order to make up for the late ripening and maturation of fruit caused by the drought, a large part of production was artificially ripened at the beginning of the season: 13,540 tons, 8,950 tons of which were exported. The nine ripening chambers are equipped with a continuous system and have a total capacity of 1,100 tons.

Routine care of the citrus orchards is now underway. Flowering was very good. Climatic conditions have improved, particularly after the abundant rainfall of April, which has given citrus farmers great hope for the next harvest.

In addition, areas planted in forage crops have expanded considerably in recent years and now make up 3,450 hectares, compared with 3,000 hectares in 1977 and only 1,000 in 1973.

The main types in this group of crops are lucern (1,700 hectares) and berseem (795 hectares). Mixtures and other types are planted on 955 hectares.

In order to encourage the livestock raising sector, the Office made large quantities of forage seed available to farmers at the beginning of the season, seed which is 40-percent subsidized: 200 quintals of berseem, 100 quintals of lucern and 120 quintals of oats.

In addition and given the difficulties arising out of the drought and the small amount of water in the dam reservoir, the Office has decided to cancel all spring market garden programs, including market garden crops under contract with SICOR (Packing Company).

11,464  
CSO: 4519/198

POPULATION GROWTH, URBAN GROWTH CREATE HOUSING CRISIS

Rabat ALMAGRIB in French 4 May 82 pp 1-2

[Article by Abdelhadi El Madi: "The Housing Crisis in Morocco"]

[Text] The housing crisis is without a doubt one of the most characteristic social problems of our time. Actually, since ancient times and until the dawn of the technical and scientific revolution that changed the face of the world, mankind has always been able to cope with the housing problem successfully. This was possible because for centuries, a certain natural equilibrium had been maintained between needs and resources (with the regulating element of wars and periodic epidemics). However, once that equilibrium is broken (between needs and resources) as the result of unprecedented population growth -- which itself is the consequence of progress in medicine leading to substantial improvement in the health of large groups of the population -- the housing problem becomes acute. The housing shortage now affects nearly all countries, those labeled as industrialized (the Harlem slums in New York) as well as developing nations. The extent of the shortage obviously varies enormously from one country to another and generally depends on the level of development of the productive forces.

In Morocco, like other Third World countries, this crisis affects a large proportion of the population, except for a privileged minority.

The main causes of the housing crisis are well known: accelerated and uncontrolled urban growth and a population increase that is substantially higher than the rise in the gross national product (GNP).

The housing crisis is bitterly experienced every day by the thousands of inhabitants of the shantytowns that rim our cities, those populating the unhealthy districts and the crowded medinas and finally, all those for whom the heavy burden of rent often takes up over 50 percent of their monthly income.

In the face of this situation, government intervention has been expressed in legislation with regulations, part of which are already outdated because they no longer take into account changes that have occurred in recent years in the country's economic and social situation. It has also touched institutions through the establishment of certain structures (Ministry of Housing and Land Development, the Real Estate and Hotel Loan Bank, the General Real Estate Company, and so on).

To what extent have the objectives set by the government for housing been met?

Substantial efforts have definitely been made by the government to meet the housing needs of the largest number of the people and yet, these efforts remain inadequate because of the enormous, ever increasing need for housing.

The housing shortage went from 624,000 units in 1977 to 1,033,000 in 1980. In addition, new needs are an estimated 100,000 units a year, assuming the current rate of construction in the public and private sectors. One must therefore expect a worsening of the housing shortage in the years ahead. According to some estimates, that shortage will reach 2,244,000 units by 1992 and 4,256,400 by the year 2002.

Before taking up the study of factors permitting improved effectiveness of the action of the government in the sector of housing, one must first of all examine the limitations constituting the stumbling blocks. They are at once administrative, legal, financial, technical and human. Among them are bureaucratic management methods (characterized by slowness and complexity), the inadaptability of certain structures, the lack of skilled and competent personnel and the absence of any long-term housing planning. Unfortunately, for a long period of time, spontaneity and incoherence have characterized government action in this field.

Furthermore, legislation governing the real estate sector is "frozen" and fragmented. One must also point out the problem of financing housing, which constitutes a major obstacle to any action aimed at absorbing the current housing shortage. Finally, there is the land problem resulting from speculation and which is also a major handicap.

The problems facing the sector under study are many. Only the most important ones, those already spelled out, will be the object of our attention.

Regarding the contribution of the private sector to the national effort to achieve decent housing for everyone, one must point out that this contribution becomes increasingly flawed. It is therefore up to the government to create the best possible conditions (tax and other incentives) so that the sector may participate more, along with the public sector, in action taken to reduce the unfortunate effects of the housing crisis in a relatively short period of time.

Given the difficulties and problems described, what strategy is to be adopted?

Activities relating to the execution of housing programs constitute an important aspect of development from the economic as well as social points of view. As a result, a well-conceived housing policy is an important factor in economic and social development.

In order to achieve the objective set, to wit, making decent housing available to the largest possible number of Moroccan citizens, this policy must respond to criteria of effectiveness and social equity. This presumes preliminary studies making it possible to better understand the problems that exist.

Furthermore, in order to reduce social disparities, government efforts in the area of housing must be aimed solely at the promotion of low-cost housing for low-income groups. The development of more expensive land and the construction of luxury housing will be the domain of the private sector.

For example, state developments of the Hay Ryad type in Rabat (part of which has homes of 1,000 square meters!) are precisely the type of high-cost housing that must be left up to the private sector.

What elements must be taken into consideration in order to ensure the desired effectiveness of public action on housing?

In a concern for coherence and effectiveness, housing programs must be worked out within the framework of a general plan for the development of the territory. In addition, the urbanization policy aimed at a better spatial distribution between urban and rural population centers must also be integrated into the country's socioeconomic development plans.

The anarchic urbanization which Morocco has known in recent years, mainly due to the rural exodus, has caused grave harm to our cities, once known for their fine Arab-Muslim architecture. Therefore, in order to limit the exodus to the cities, the government must pay more attention to advancement of rural areas through collective facilities and zones of activities that create jobs. In addition, we know that the economic and monetary policy of a country directly influences the supply and demand for housing, for it constitutes a factor of overall competitiveness of the country. Consequently, any solution to the housing problem is linked to possibilities of economic development. Nor is there any need to recall the importance of research and studies in order to gain better knowledge of the living conditions and needs of people concerned by housing programs. However, we must see that these programs are adapted to Moroccan conditions. Moreover, the studies will provide the data necessary for any decision. Among other things, they will furnish an exact evaluation of current and future land and housing needs based on income classifications and done by region, province and commune. In addition, one of the main objectives of research must be, in my opinion, a study of the possibilities of reducing construction costs, for the least expensive housing produced by the public sector at the present time is too expensive for two-thirds of the population. A return to adobe architecture is one of these possibilities. The advantages of such construction are: the use of inexpensive local materials instead of concrete, which eats up energy; the good insulating properties of the material; obvious possibilities of decentralizing the process of housing construction because of the availability of the raw material in all regions.

In general, one cannot hope to solve the housing problem of the great masses without reducing the high cost of the supply, which to a great extent is linked, as we know, to certain technical standards now in force in the construction of housing.

To do so, we must obviously lower these standards, promoting the use of local building materials, increasing density (to save land), reducing the inhabitable area per construction unit, offering common sanitary facilities rather than

private ones, and finally, requiring a lower degree of finishing. However, such measures are effective only if they fit into a broader action of urban and economic development for the nation. In addition, in order to preserve the quality of life of our citizens, we must foresee and respect a judicious mixture of housing construction and collective facilities (health, education and socio-civic facilities). Likewise, the architectural standards of our Arab-Muslim civilization must be preserved and applied.

Certain options of the housing policy must be clearly defined and justified, such as options in favor of rental housing or access to ownership, collective or individual housing. If the price of land is high, high-rise construction (apartment buildings) is the most desirable for those with low incomes, provided that it is acceptable from the social standpoint, for it permits an economic use of the land and undeniable gains with respect to the price of equipment and infrastructure.

Regarding the fight against the proliferation of shantytowns, vigorous action must be taken with respect to facilities and services existing in the towns, which must be improved. At the same time, jobs must be created through the establishment of zones of activity near the district in question. Simultaneously, other action will affect zones of emigration to the cities, action consisting of providing the equipment and infrastructures needed to favor their development and thus halt the rural exodus, one of the main causes of the shantytown phenomenon.

What is the situation of financing for housing?

The financial problem is undeniably one of the main stumbling blocks for the housing sector.

The mobilization of resources for housing is part of the overall effort aimed at increasing savings and improving distribution through certain financial institutions. However, it will be noted that the public system to finance housing in Morocco is poorly adapted to the needs of low-income families, as shown by the action of the main public organization specializing in the financing of housing: the Real Estate and Hotel Loan Bank (CIH). Actually, the action of this public institution for the granting of loans for the purchase and construction of housing has mainly helped the wealthier population groups, to the detriment of the poor, who make up the great majority of the population.

The solution of the housing problem for low-income classes presumes a flexible attitude and the working out of various credit schemes adapted to such groups. Here, the housing policy must constitute an important means of reducing social and regional disparities.

In the light of the foregoing, one can conclude that the housing crisis is the result of several limitations (economic, financial, and so on) and that the solution to the problem therefore demands a vigorous, overall approach taking a number of factors into consideration, one of the most important of which is the possibility of offering jobs.

In addition, it is impossible to solve the housing problem without the joint efforts of the government, local communities (which must mobilize in order to participate more effectively in the real estate sector) and the private sector.

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CSO: 4519/198

SAUDI ARABIA

THEORETICAL, PRACTICAL IDEAS CONCERNING FUTURE ECONOMIC PLANNING REVIEWED

Riyadh AL-YAMAMAH in Arabic No 693, 19-25 Mar 82 pp 3-9

[Interview with Mr Muhammad Aba al-Khayl, minister of finance by AL-YAMAMAH:  
"The Main Issue Is the Saudi Economy"; date and place of interview not  
specified]

[Text] The Goal of the Jubayl and Yanbu's Projects Is  
to Export Processed Petroleum Instead of Crude Petroleum.

The Government's Future Policy Will Be in the Direction  
of Putting a Stop to Dependence on Foreign Companies.

The Slogan "Saudiization" Should Be Heard in Every  
Field So That We Will Be Able to Achieve Our Ultimate  
Objective, Which Is the Saudiization of the Various  
Principal Sectors of Our National Economy.

Total Deposits in Domestic Banks Amounted to 70 Billion  
Riyals in 1981.

It Is a Dangerous Oversimplification to Say That Petroleum  
Is a Resource Which Is Being Depleted.

There Is More European Capital Invested in the U.S. Than  
There Is Capital From the Gulf Countries Invested There.

In 1401 A.H. Agricultural Bank Loans Totalled 2.53 Billion  
Riyals.

By 1401 A.H. a Total of 140,000 Private Establishments  
Were Owned by Individuals in Saudi Arabia.

Loans Will Continue to Be Granted by the Real Estate Bank  
for Individual Housing Units and for Investment.

Laws Will Be Promulgated Which Will Regulate the Work of  
Employees and Will Grant Them the Opportunity to Work  
Outside Their Regular Jobs.

This interview is full of numerous new questions and proposals concerning both the present and the future of the process of building our nation's economy! His Excellency Shaykh Muhammad Aba al-Khayl, the minister of finance and "architect of the Saudi economy," has never given such a frank interview containing such momentum as well as such a wealth of information and ideas relating to the economic struggle of the future! In this interview you will find a summary of the next "national plan" for the interaction and development of our national economy during the next decade of our nation's life, and the summary is being presented in a way that the minister of finance has never done before! Mr Aba al-Khayl has in mind an eminent "plan" which the government appears to be striving to promote and create support for among the people. The plan is the complete "Saudiization" of all the principal economic sectors and it is a plan to make Saudi economic activity integrated, "from within," without having to resort to [calling upon the services of] foreign countries! Mr Aba al-Khayl has many things in mind which he is proposing [in this interview] for the first time and concerning which he has made no previous statements! This interview could be considered to be the most intelligent and cultured discussion that has ever taken place between a government official of the rank of Mr Aba al-Khayl and a large group of educated people who are concerned about [the issues at hand].

At a symposium held by the Association of Culture and the Arts, Mr Aba al-Khayl had told a group of people: "I will answer all your remaining questions through the medium of one of our local press publications." AL-YAMAMAH was the publication which was granted this honor, and now he will be addressing all of you by means of our publication!

The questions asked by our interviewer here are questions which Mr Aba al-Khayl did not have the opportunity to answer during the evening of the symposium, and thus they are being posed in this interview for the first time.

We are very interested in presenting these questions and answers, for two reasons:

1. They contain new and important facts relating to explicit details which are the concern of every citizen, every establishment, every plant, every bank, and every company, whether Saudi or foreign.
2. Those who participated in formulating the questions were our citizens, educated people, businessmen, and owners of companies, corporations, banks, and industrial plants. This is the thing that distinguished these questions from other questions normally posed by the press in an interview. This is also perhaps why these questions contain so much information, so many facts, and so many great ideas which are on a level with the aspirations of our people who are looking forward to the future with optimism because they are entrusting the future to safe hands which have dedicated themselves to being generous to the people and to which the people have dedicated themselves to being loyal.

The material in this interview has been divided into two parts:

1. There is a presentation of the "theoretical concept" or sound plan for the future of the process of building our nation's economy.
2. There is a presentation of the practical "details" of this process of building our nation's economy both from the point of view of our citizens and from the point of view of our higher officials.

This scholarly discussion which was held between our citizens and Mr Aba al-Khayl dealt with everything that could be of immediate concern to our citizens, including such matters as Saudiization, the depletion of our oil, loans, investments, the private sector, and the role of the government in creating the basic structures and framework for the process of building [our country].

Now let us begin with the prologue which the minister of finance himself wrote out with his own hand and which, in our opinion, in itself could be the subject of a continuous dialogue held among economists, industrialists, bankers, businessmen, and our other citizens. Mr Aba al-Khayl has indicated his complete willingness to continue the dialogue with all such people concerning the subject of this prologue--which is that of the Saudiization of all of the country's facilities, utilities, and principal economic sectors--and also to continue the dialogue concerning the answers which he has proposed [as solutions].

AL-YAMAH is hereby making its pages available to absorb everything that comes in from you since it sincerely believes in the importance and significance of this subject. This subject is directly related to the future of our nation and to the various aspects of our nation's activities. The thing to be done now is to respond to our invitation and to Mr Aba al-Khayl's personal invitation to participate in the discussion.

The minister of finance's prologue is as follows:

"After the Saudi Association of Culture and the Arts held a symposium in which it had invited me to participate by talking about the current status of our national economy, some people got in touch with me and asked questions and made comments on the main subject dealt with in the symposium. One of the reasons for their doing this was the fact that what was printed about the symposium in some of the local newspapers differed from newspaper to newspaper."

"During the symposium, my fellow participants--who were Dr Mahsun Jalal and Dr 'Abd al-'Aziz al-Dakhil--and I received written questions from those attending the symposium, and there was not enough time during the symposium to answer them. The proposal was made to our friend Dr Fahd al-'Arabi al-Harithi that I should answer the questions on the pages of AL-YAMAH."

"So I will attempt to write about the subject of the symposium and will try to answer the questions."

"The essence of what I said during that symposium has to do with the role which our principal national economic sectors should play in the utilization of the elements of production which are available now as a result of the comprehensive development which has taken place in our country."

"In the symposium I said that we had come a long way with our developmental achievements in our country during the past decade, and that we could mention the following indicators which show evidence of this:

1. The building of basic infrastructures such as roads, ports, communications networks, housing, and office buildings has progressed rapidly. We now have an integrated network of these infrastructures which is large enough for us to engage in unlimited economic activities.

2. Work laws and regulations have been developed and specialized government institutions have been set up which, when all taken together, constitute a suitable framework for the economic sectors to grow easily. For example, we now have business and investment laws, lending laws, and laws dealing with various types of production assistance and subsidies.

3. As a result of our programs of government expenditures, some of which are intended to transfer and distribute the national wealth, many of our citizens and companies now have huge capital resources available. To demonstrate this point it is sufficient to briefly glance at one of the important indicators, which is that of total deposits in local banks--which amounted to more than 70 billion riyals in 1981.

4. The development of our banking system, which is one of the most important tools and means of [economic] growth. We now have about 300 branches of domestic banks which are owned and controlled by our citizens themselves. The number of these branch banks is steadily increasing every day in order to provide us with all financial services.

5. There are large numbers of Saudi specialists available in the various fields of knowledge. Also, the number of private establishments has greatly increased. By 1401 A.H. there were about 145,000 private establishments [in Saudi Arabia]. By 'private establishments' we here mean those which are privately owned by our citizens, whether they are individually-owned commercial establishments or corporations."

"After all of this and more has been accomplished during the past decade, what do we need to do now? What should be the nature of the next phase in order to enable us to achieve comprehensive development, that is, to have a society which exploits all of its capacities in the utilization of various economic resources (rather than a single resource, as is the case right now), produces from these resources a whole series of goods and services, and provides the opportunity to every member of society to utilize all of his capacities in work which gives him a higher income which will then enable him to enjoy a good standard of living?"

"In order to achieve these objectives, it is not sufficient to merely build roads and buildings. The reason is that these facilities, in themselves, do

produce anything. They are merely the means on which various economic activities are based."

"What we need to focus on in the coming decade (and this is the heart of the matter) is increasing the utilization and putting into operation of these facilities and infrastructures to the greatest extent possible in order that we produce goods and services and earn income and profits."

"In order to achieve this, we must focus our attention on two matters:

1. The best opportunity is now available for the principal economic sectors--individuals, establishments, and companies, whether they are a part of the public sector or the private sector (and, at the same time, it is their duty)--to exploit every economic opportunity available. We must exploit every agricultural land area that can be exploited, we must exploit every source of minerals that can be mined, we must exploit every processing or assembling industry whose products have marketing opportunities, and we must exploit every transportation, distribution, or promotional service--by investing in these areas and having them produce so that we can achieve profits and earn income.
2. This is an extension of the matter discussed above. There should be investment by the principal Saudi economic sectors. They should help each other, mutually depend on each other, and benefit from each other. In other words, these principal sectors of the economy, whether they belong to the public sector or the private sector, should be oriented toward each other rather than toward other parties. If this is not done, it will not be possible for us to achieve our objectives and it will not be possible for our national economy to grow, to become complete, and to give the most profits and best service to the principal economic sectors which operate within its framework. What is needed now is for anyone who requires a particular good or service to primarily, and automatically, approach Saudi sources in order to obtain this good or service. We need to approach each other in order that we benefit from each other and in order to achieve our objectives together."

"What is needed right now is to have any person who is investing in a given project to primarily consider hiring a Saudi individual or establishment to do his designing or planning, to have a Saudi bank do his financing and provide him with banking services, to have a Saudi contracting firm set up his project, to have a Saudi firm supervise the engineering work, to have a Saudi firm purchase the materials required by the project, to have a Saudi plant furnish him with materials that are locally produced, to have Saudi individuals administer the project, and to have a Saudi firm market what is produced. At the same time, all establishments which are involved in joint work within the scope of a project should, in turn, work with [other] Saudi establishments. Contractors who are carrying out the building or projects should buy materials that they need from Saudi plants or through Saudi commercial agents if these materials are not produced locally. They should utilize Saudi banks, purchase equipment from Saudi commercial agents, and work with Saudi subcontractors and Saudi carriers. In this way, the rings

will all be linked to each other, they will complement each other, everyone will benefit from this, and everyone will earn profits because of this."

"Utilization of the opportunities presented by the stage of development which has been achieved by Saudi Arabia, as well as the utilization of all possible benefits and profits which can be gained from this, requires that we concentrate on what we could call the 'Saudiization' of our national economy."

"The slogan 'Saudiization' should be heard in every field and should be the focus around which revolve our principles of doing business with each other, making contacts with each other, and our government regulations, as well as our research, articles, guidance, and orientation."

"Unless this is done, the facilities and infrastructures which have been built do far will not even be productive enough to cover the tremendous cost of maintaining them."

After Mr Aba al-Khayl thus outlined the structure of our national economy and presented his concept of correct planning for the building of our country's economy and means of integration of, and interaction in, this economy, we now give you this interview which represents the second part of [our presentation of] this very important issue. The interview contains more than 50 questions which reflect all of the economic concerns of our country's citizens.

[Question] The Saudiization of any project requires a labor force. Labor brought in from outside is cheaper than Saudi labor. Why do we not put taxes on the bringing in of foreign labor?

[Answer] It is true that foreign labor is cheaper than Saudi labor. However, the solution is not to be found in imposing taxes on the bringing in of foreign labor. What we should do is urge and encourage the utilization of Saudi labor. This is now being done by many special government bodies, especially the Minister of Labor and Social Affairs. But the problem is that the Saudi labor force is too small to fill the jobs available. For this reason it is necessary to urge the use of the Saudi work force and train Saudis to occupy the principal and important positions which pay the best income and which are in control of operations, and to have the labor force being brought in from foreign countries be used for lesser important jobs.

[Question] What do you think about the possibility of an employee working at other jobs in addition to his regular job? So far no regulations have been issued concerning an employee working at other [part-time] jobs such as being a taxi driver or opening up a small store.

[Answer] Right now this is a very important subject which is being discussed. We expect appropriate regulations and laws to be issued which will resolve the problem of employees concentrating on their main tasks and adhering to the responsibilities [of their regular jobs] and, at the same time, taking advantage of the opportunity to work at other jobs.

[Question] Has our planning taken into account water resources for our agricultural development in view of the fact that they are depletable, and has our planning taken into account the possibility of providing water by means of bringing it in from the sea or developing [ground water] wells in our agricultural areas?

[Answer] Saudi Arabia is considered to be the largest producer of desalinated sea water. At the present time Saudi Arabia produces more than 70 million gallons per day. There are projects being implemented which will lead to doubling this production and to bringing the water to various areas in the interior of the country. I believe that the policy currently being followed, which is that of having desalinated water cover human consumption needs and using ground water for agriculture, is a wise policy for a desert country such as Saudi Arabia. One of our very top priority programs is that of expanding the production of desalinated sea water and expanding the treatment of water which is used for household purposes so that it can be used again for agriculture.

[Question] What about owners of capital investing their capital inside Saudi Arabia rather than investing it in foreign countries?

[Answer] This is something which is necessary because investing capital inside Saudi Arabia is more profitable, is safer, and is also a national duty.

[Question] There are government establishments such as the Saudi Industrial Development Fund which are undertaking Saudiization of the administrative positions which deal with the masses, whereas the sensitive positions are still in the hands of foreigners. What is the position of the Ministry of Finance with regard to this?

[Answer] I do not believe that there are positions which are more sensitive or important than the positions which involve dealing with the masses (that is, in the case of the Saudi Industrial Development Fund, the people who deal with granting loans). And the Saudi Industrial Development Fund is in the same boat as is any other [government] body which employs non-citizens. However, if you look at how quickly Saudis have been taking the place of these non-citizens in the case of the Saudi Industrial Development Fund during the past few years and at the present time, you will find that it is something that we can be proud of. Furthermore, the level of those working there, in terms of professional qualifications and performance, is something to be proud of.

[Question] The Jubayl project and the Yanbu' project are among the largest industrial projects being undertaken by our country. These two projects totally depend on petroleum. Since petroleum is a depletable resource, these two projects will come to an end. So where is the diversification in these two projects?

[Answer] This talk about petroleum being a depletable resource (meaning that, materially speaking, there will be no more oil and the oil wells will completely dry up) is a dangerous oversimplification which is motivated more by

sensationalism than anything else. When people say that petroleum is a depletable resource, this mainly has to do with a decrease in the quantities of oil produced or an increase in the cost of its production as a result of the difficulty of extracting it. It is a question of weighing the prices at which one sells it as crude oil or in the form of petroleum products against the costs of producing other types of energy, etc.

Every nation engages in commerce with other nations with what it has available in terms of raw materials or industries. At the present time, most of our oil and gas is sold, as raw materials, to the industrial nations which then transform them into various products and consume them. The objective of having the Jubayl and Yanbu' projects is to have Saudi Arabia progress from the phase of exporting petroleum and gas as raw materials to the phase of producing petroleum products (refined products and petrochemical industrial products) which many secondary industries are based on. This is the principal expansion had in mind. In addition to this, we have in mind the investment of the capital which currently is being earned by exporting petroleum as a raw material in the development of other resources such as industrial and mineral resources. These resources, in turn, will be expanded and the products involved will be used for export in addition to being used for domestic consumption. This is the objective of diversification of domestic production.

[Question] What is the role of the foreign labor force in the Saudi economy?

[Answer] The large size of the foreign labor force which we have right now is something which is only temporary. The reason for this is that the phase of building the basic infrastructures, by virtue of the nature and enormity of these infrastructures, requires the utilization of a large foreign labor force. But in 4 or 5 years the size of this labor force will decrease noticeably after this phase ends. But we will continue to have a need for a foreign labor force after that. In any case, it is important to have Saudis fill the management and technical jobs--which are the jobs of those who are the leaders and who are in control--until it will be possible to close the gap in number [of employable Saudis] when dealing with the need for people to do manual labor. This will require an enormous effort in the field of training and preparation.

[Question] How do you view the future status of the Saudi riyal among the currencies of the world? Will the Saudi riyal continue to be linked to the U.S. dollar, or will this situation be replaced by a currency basket, as most Arab nations have proposed?

[Answer] The Saudi riyal is not linked to the U.S. dollar. The exchange rate of the riyal is set on the basis of the "SDR unit." This is the currency accounting unit used by the IMF and which is the basis of the five principal currencies in the world, which are the U.S. dollar, the Japanese yen, the German mark, the British pound sterling, and the French franc. Each currency within this unit has a certain weight (that is, a certain percentage) which depends on the volume of trade taking place using this currency. The Saudi Arabian Monetary Agency [SAMA] constantly adjusts the rate of the riyal in accordance with the SDR unit and with the currencies which constitute it.

What makes the riyal appear to be linked to the dollar is the fact that oil is sold for dollars, and this is the way it is done all over the world. Consequently, the money in free currencies which Saudi Arabia receives for exporting its oil is in dollars which SAMA sells to the banks for riyals so that these banks, in turn, can sell them to the masses for importing or for money transfers. So what SAMA has available in terms of foreign currencies is dollars. This is what makes it seem as if the riyal is linked to the dollar, but this is not true.

[Question] What is your opinion about some businessmen investing their capital abroad? How does this harm our national economy? Why does the government not boycott such individuals by not entrusting projects to them unless they commit themselves to invest their capital inside the country?

[Answer] The Saudi economic system is a free economy system which is based on freedom of ownership, commerce, and capital. These are matters which are basic. However, it is clear that the investment yield on any capital in a developing nation such as Saudi Arabia will be greater than any yield in any other country. In addition to this, there is the safety of investment which investors have if they invest in their own country in comparison with investing in another country, no matter which other country it is.

[Question] We are a developing country and need to invest in everything in our life (and there is no doubt that the government has encouraged domestic investment in local companies and banks). However, this is not enough. Do we not also want a bold and rapid upsurge [in the economy] in order to achieve our aspirations?

[Answer] I know no government in the world which has made domestic investments, using inexpensive and easy methods, to the extent that our government in Saudi Arabia has in terms of quantity or in terms of percentage of total resources.

[Question] Will the trend, a few years in the future, be that of decreasing the budget because the phase of building [the infrastructures] will be over, and will this decrease in the budget lead to a decrease in oil production which would lead to having the oil be pumped out of the ground for a longer period of time?

[Answer] When the phase of building the basic infrastructures is over, there will be less expenditures on this sector. But the expenditures will continue, and perhaps there will be more expenditures on other sectors. More will be spent for industrial and agricultural investments, and more will be spent on the maintenance and operation of utilities and installations. As for petroleum exports, less crude oil will be exported and there will be more exporting of various products made from petroleum and gas. In general, petroleum and petroleum derivatives will increasingly constitute a smaller proportion of the total energy production because of the emergence of alternative sources of energy and as a result of the decrease in petroleum consumption required by each [industrial] unit.

[Question] Do you regard as economically sound the expansion currently taking place in housing projects and what is being provided by some ministries to house their employees?

[Answer] I believe that there is a need to continue the housing projects which are designed to build housing for limited income categories, that is, for our citizens whose income is on the lowest levels. But people in the middle classes and above have the possibility of satisfying their requirements by taking out loans.

[Question] Do you believe that the land speculation currently going on in Saudi Arabia will continue, and that the prices will continue to go up?

[Answer] I believe that our period of land speculation has definitely ended. At the present time we have large areas in our cities which now enjoy [various] services, which are ready to be utilized, and which are being offered for sale. Here one should differentiate between the steady rise in value of things, including land, as a result of inflation (whether it is steep or mild inflation) and the speculation which has been going on for years.

[Question] Why are our five-year plans not being replaced by ten-year plans?

[Answer] Because it is difficult, if not impossible, to determine our needs for such a long period of time. This is also true when it comes to knowing the trends of our financial revenues.

[Question] What is SAMA's attitude with regard to smuggling capital to foreign countries?

[Answer] Saudi Arabi's economy is based on the principles of a free economy, and for this reason there are no restrictions on trade or transfer of capital. So if capital leaves the country and goes to foreign countries, this is not considered "smuggling." It is merely part of the process of transferring capital both into the country and outside the country, in accordance with the investment situation.

[Question] Why does Saudi Arabia not invest part of its capital in foreign banks in the development of the projects of some nations which are friendly to Saudi Arabia and which suffer from severe poverty?

[Answer] Saudi Arabia is considered to be one of the nations which is at the top of the list in terms of providing loans to developing nations for them to implement their development projects.

[Question] Saudiization of banks has taken place, but there are still banks, such as the Banque du Liban et d'Outre-Mer and the Bank Melli Iran, which have not been Saudiized. Why have these banks not been Saudiized?

[Answer] Right now they are being Saudiized, and this process will be completed during the next few months.

[Question] Some individual banks in Saudi Arabia exceed what they are licensed to do by our banking system, and some of them are not licensed at all. This type of thing has resulted in losses. When will these banks be made subject to our system and restricted by it?

[Answer] Recently an ordinance was issued concerning regulation of the situation in the money changers' sector, and right now gradual steps are being taken to implement this regulation.

[Question] It is said that the Saudiization of banks has only taken place on the level of capital, and that there have been no changes with regard to the positions of leadership in these banks and concerning the encouragement of qualified Saudi personnel. What is your opinion about this?

[Answer] The Saudiization of the positions of leadership in the banks was the principal objective of Saudiization of the capital of foreign banks. The important thing is that Saudi individuals take charge of these banks. Unless this is done, there will be no difference between Saudi banks and foreign banks. There is a strong and continual interest in this trend. However, it is necessary for us to note that the training and gradual advancement of individuals, by the very nature of the process, requires a longer time than do other measures. Furthermore, the tremendous growth which will take place in our country will be creating stiff competition for trained individuals. This will result in some individuals leaving the field of banking and going to other fields. Nevertheless, we should point out that there is enough demand on the part of young Saudis for jobs in banks for us to feel optimistic about the future.

[Question] How can an ordinary person of limited income utilize his capacities in order to obtain as much income as is possible for him?

[Answer] He should work longer hours and take advantage of every opportunity for training which would provide him with new skills which would lead toward his earning a good income, even though all of this might be a great burden. Also, he should save a part of his income and utilize it to begin some other type of job or business.

[Question] Job inflation does not permit an individual to work in commercial establishments. What is your opinion about this?

[Answer] If what you mean is that the number of employees in government agencies is more than it should be, and that this excess number of employees should be working in the private sector, I agree with you.

[Question] Why do we not have consultant firms whose job it is to advise our citizens concerning the best means of investing their capital? Why are foreign companies which possess expertise in the field of financial consulting not authorized to work in this field [in Saudi Arabia]?

[Answer] This is the job of the banks. The principal area of expertise of the banks and of those who work in them is that of providing financial consultation and advice.

[Question] Why do some government agencies allow foreign companies to bid for their large contracts without these companies having Saudi sponsors?

[Answer] The policy of the government which is currently being applied is oriented toward decreasing its dependence on foreign firms and doing more business with Saudi companies. This is a primary goal, and it is being pursued in order that our national economy be put into operation to the utmost degree possible.

[Question] When will the stock market come into existence?

[Answer] If we do not study this proposal profoundly, if we do not take our time in making the decision, and if we do not concentrate our attention on appropriate general rules and arrangements, the result will be a great deal of harm to our domestic economy, especially to businessmen and people with savings who are members of the middle class. May God not allow this to happen. I am sure that those who are writing [newspaper articles] and who are in favor of quickly establishing a stock market would be the first ones to raise their voices against it if, God forbid, it were established without being adequately prepared and without adequate arrangements. We should look at the experience gone through in this field by societies which are similar to our societies, and we should benefit from this experience rather than end up repeating it.

[Question] There has emerged the idea of establishing a Gulf dinar. What has taken place in this regard?

[Answer] Nothing at all has happened. It is still too early for this.

[Question] Why are loans granted to advanced nations such as Germany when they have not attempted to help us technologically?

[Answer] These are not loans. They are investments.

[Question] What role does the government play in determining the priority of national industries? Is the responsibility of the government restricted to providing basic infrastructures, or has it also assumed the responsibility of orienting our national industries?

[Answer] The government has assumed the responsibility of orienting our national industries and determining their priorities by means of various methods. Such methods include regulation having to do with granting licenses, follow-up work, the granting of loans, the setting of customs tariffs, and providing customs exemptions for raw materials and equipment. All of these devices have been designed this way in order to make industrial investments be oriented toward what is most important for our national economy.

[Question] To what degree does our national economy benefit from the GCC?

[Answer] Saudi Arabia benefits from the GCC just as the other GCC nations benefit from it. The principal sectors of our economy will have a broader market and there will be more demand [for their products]. Furthermore, there will be better opportunities for mobilizing financial and human resources in order to exploit sources of production. And do not forget [that the creation of the GCC will lead to] elimination of harmful competition, especially in the area of export industries (the petrochemical industries), by means of coordinating the planning of production, entry into markets, and prices.

[Question] Is it true that the prices of oil for ships which bear the Saudi flag are lower in Jiddah than they are in Dammam?

[Answer] I have heard, for example, that there is a difference in the prices. However, I do not know the reasons for this. I have asked my colleague Dr 'Abd al-Hadi Tahir to look into this matter and clarify it for me.

[Question] Usually capital is exported by means of investments in the form of time deposits. What is the fate of capital investments and stock investments in international firms, given the fact that they enjoy stability?

[Answer] There is no proof that the status of such investments is a status which is satisfactory [to the investors] either in terms of stability or in terms of yield.

[Question] In view of the fact that we have no obstacles to [the movement of] capital, some people are of the opinion that we are more in need of specialists in administration than we are of specialists in economics. What is your opinion about this?

[Answer] That is true. In any case, we are a developing country and we are in great need of all specializations, and we are still in the beginning stages in this regard.

[Question] Customs and traditions are an obstacle to some individuals when it comes to working at certain jobs (working in industry or in the butcher's trade). What is your opinion about this?

[Answer] These are attitudes which are gradually diminishing and will eventually disappear.

[Question] Does the official government agency concerned intend to subsidize the Cattle Transportation and Trade Company, which was recently established, either by having the government contribute part of its capital or by having the government provide certain types of assistance such as mass transportation and electric power companies?

[Answer] No thought has been given to this. The business of importing cattle as well as raising cattle has been a very profitable business.

Commercial establishments [dealing in this business] should depend on themselves. In this case, having the government provide more support would be inappropriate and would be harmful to the growth of our national economy.

[Question] What is your opinion about decreasing the importing of cars?

[Answer] I believe that it is necessary. The importation of such quantities of cars is an unjustified squandering of our great national wealth. Last year Saudi Arabia imported more than 300,000 cars, and these cars were in addition to the cars which we already had. Saudi Arabia is considered to be the second-largest market in the world, after the U.S., for the marketing of Japanese cars in spite of the fact that there are nations which are far larger than Saudi Arabia. Furthermore, it is possible that the psychological pressures which people suffer from because of the heavy traffic, in addition to the consequences of automobile accidents, have a greater effect on us than any other social problems.

[Question] Why does the Real Estate Development Fund not grant second loans to our citizens, especially if these same citizens have transferred their first loans to other citizens?

[Answer] This encourages the utilization of the Real Estate Development Fund loans for engaging in commercial activity. The Real Estate Development Fund was created in order to serve our citizens and to help provide housing for those who do not have housing. It is necessary to continue to concentrate on this objective because whoever takes out a loan may provide the opportunity for another citizen, in turn, to benefit from it.

[Question] Let us suppose that we have an agricultural project whose capital is 12 million riyals, and let us suppose that the Agricultural Bank provides 7,800,000 riyals and that 4,200,000 riyals must be gotten from some other source. Where is a citizen supposed to get this remaining money?

[Answer] He must have capital to put into the project. He must put his own capital into it in order to demonstrate that he is serious about it. He can borrow from other sources. Government capital allocated for loans covers broad fields, and could not effectively do so if every request had to be met. Also, do not forget that the government, in addition to loans, provides many incentives (such as agricultural land, aid for the purchase of equipment, the digging of wells, etc.). Agricultural investment in Saudi Arabia right now requires that the investor come up with less than 10 percent of the total necessary investment. The rest is provided in the form of loans, assistance, and free land.

[Question] Is there a plan for protecting our national industry and limiting imports?

[Answer] Protection of our national industry is a policy which is actually being applied by means of raising the customs tariffs on imported goods produced by industries similar to those in Saudi Arabia and by means of giving priority to our national industries (in the case of government purchases).

Thought is being given to the creation of a permanent committee, composed of the deputy ministers concerned, which would continuously keep track of the application of these policies and eliminate obstacles to them. As for limiting imports, I am not in favor of this and I believe this would be a harmful approach.

[Question] Instead of putting into practice the classical approach of utilizing the budget as a means of providing incentives for purpose of Saudiization, why do we not also set up the budget to be a means of restriction and a disincentive in some regards? If this were done, would this not lead to actual Saudiization and thus toward achieving a balance?

[Answer] This is a good idea and we will concern ourselves with it because the utilization of the budget to achieve the objectives of development is a matter which is basic and essential.

[Question] Are you not in favor of having the Ministry of Finance facilitate the loan procedures of the Agricultural Bank so that our vast desert areas can be turned into green areas?

[Answer] Continual efforts are being undertaken to push agricultural development to the maximum. I am one of those who fully believe that the yield from agricultural development could be greater than the yield obtained from industry. There are scientific means available right now to promote agricultural development, such as reducing water consumption, reusing water, enriching the soil, and lengthening the growing seasons through the utilization of various means. All of this would guarantee a prosperous future for agricultural development in a country such as Saudi Arabia. As you know, there are many various channels currently being utilized to promote agricultural development, such as granting land [free of charge], providing assistance, and setting incentive prices. During the last few years the operations of the Agricultural Bank have greatly expanded. In the year 1394/95 A.H. the bank granted a total of 145 million riyals worth of loans. In 1400/01 A.H. it loaned a total of 2.53 billion riyals.

[Question] Why does the Real Estate Development Fund not make its terms for granting loans easier? A citizen who wants to build a housing unit has to wait a long time before receiving a loan, whereas the procedures are made easy for people taking out investment loans.

[Answer] There are no procedures easier than those involve in the loans made by the Real Estate Development Fund. If you compare them with those of any similar body in any other country in the world, you will find that this is true. There are no special arrangements for investment loans. Investment loans represent only 2 percent of the housing loans. At this point I would also like to say that the Real Estate Development Fund's loan regulations are applied equally to everybody and there is no discrimination practiced. No borrower has ever been given preference over any other borrower, either in terms of the time [required to obtain a loan] or in terms of service. The fact that it takes time to obtain a loan is attributable to the increase in the number of people requesting loans. It requires more time to process all of these loans.

[Question] Is it not feared that there will be a recession or inflation in the real estate market? Is it true that the Real Estate Development Fund will soon stop granting loans, especially investment loans?

[Answer] We still have a lot to accomplish in the field of urban development. The rise in the level of incomes is creating a continuous trend toward more demand for modern housing. In addition to this, the social changes which are taking place are leading to a decrease in the number of individuals in a given family who are living under the same roof. Furthermore, we are experiencing a great increase in our rate of population growth. Loans by the Real Estate Development Fund will not stop and will continue to be granted, God willing, both for individual housing units and for investment. The government considers this type of expenditure to be a high priority.

[Question] Why does the Ministry of Finance not intervene and urge banks to provide support for businessmen who are starting out [in their careers], such as giving them loans and easy credit terms?

[Answer] There is a joint effort being made in a spirit of good will in this regard. Also, the banks are responding well. But it is necessary to remark that banks are like any other commercial establishment. Their objective is to earn a profit and the owners of banks expect to receive a profitable yield on the capital which they have invested in the banks. More importantly, the owners of capital deposited in banks should feel reassured that their capital is being utilized wisely and in a safe way. Therefore, compelling banks to act in a way which they feel is improper is something which is inappropriate. In any case, the existence of a large number of banks at the present time creates competition, and this competition makes them expand the range of their services. This guarantees the accomplishment of what was referred to in your question.

[Question] It is noted that the Saudiized foreign banks are interested in attracting liquid capital and sending it abroad, whereas their role in stimulating domestic development is insignificant. Is this true?

[Answer] A review of the financial data of these banks demonstrates that a great deal of their business is done inside Saudi Arabia. During the period 1974-81 the volume of credit provided by commercial banks to the private sector in Saudi Arabia increased more than six-fold. Also, huge sums of capital appear in the budget of Saudi banks as deposits abroad. This is attributable to the fact that the capital deposited in them is greater than the capital in demand by the private sector for investment inside Saudi Arabia. Perhaps the increase in interest payments on bank deposits in dollars abroad has contributed toward the transfer of large sums of capital, the owners of which are seeking to obtain greater profits. This is not [only] a problem for us in Saudi Arabia. Many nations, especially the wealthy European nations, are suffering from this same problem. In the news we often hear them complaining against the U.S. for this reason.

[Question] Petroleum (including industries based on petroleum) accounts for the greater part of our national income, whereas the other sectors such as

agriculture and the other industries account for only very small percentages. To what extent has there been a change in these percentages?

[Answer] Petroleum accounts for 44 percent of our national income. Agriculture accounts for 3.3 percent of it, the petroleum refining industry accounts for 3.7 percent, and various other industries account for 3 percent. However, building and construction account for 10.4 percent, retail and wholesale trade account for 10.4 percent, and transportation and communications account for 6.2 percent. The rest of our national income is accounted for by the other fields of economic activity. These are data from the fiscal year 1399/1400 A.H.

[Question] Why are some projects not included in the budget even though there is a large surplus of money in the budget?

[Answer] Because there are limits to what can be implemented during a given period of time (which, in this case, means the fiscal year) and because increasing expenditures above the limit of what is possible [to implement] will lead to the kindling of inflation, and inflation is a great curse. It should be noted that our capability of implementing projects is continually increasing. For this reason, budget expenditures are increasing from year to year.

[Question] Could you please discuss the policy of foreign investments? What is the difference between our policy and Kuwait's policy in this regard?

[Answer] The policy of our fellow-Arab country of Kuwait concerning foreign investment is to create investments outside of Kuwait which serve as a source of capital. But we in Saudi Arabia believe that the existence of foreign investments is something which is temporary because our aim is to invest capital inside the country. But at the present time our capital resources are more than our domestic economy is able to absorb. This is why we have foreign investments. However, this is something which is temporary, and the surpluses which are being invested abroad will gradually come to an end as our domestic economy increases its capacity to absorb this capital.

[Question] You said that [firms in] the private sector should have Saudi consultant firms make their studies for them. The question is, what guarantees are there that these consultant firms are qualified enough to do this?

[Answer] "Practice makes perfect." The more we do business with these firms, the higher their capability and level will be. Furthermore, why do we not ask this same question about foreign consultant firms? What guarantee is there of their capability and level? In addition to this, the fact that Saudi firms are located in Saudi Arabia means that they are under the spotlight and subject to suffering losses if they do not improve their capability and level and do not offer good services. Foreign firms, on the other hand, may return to their own countries any time they wish to.

[Question] What political risks are Saudi investments abroad subject to?

[Answer] There are two types of risks which these types of investments are subject to. The first type of risk is the commercial risk which arises due to purely commercial reasons (such as fluctuations in prices, changes in administration, and production cost [increases]). The second type of risk consists of political risks which arise as a result of decisions taken by government authorities which control the countries where the investments are made. The fact is that any investments which are made in a foreign country are under the control of that nation. For this reason, they are affected by decisions made by the government of that nation in accordance with the interests of that nation, and the interests of that nation do not always coincide with the interests of the other nation [from which the investments come]. However, these matters are relative. The nations of the world all need each other. Each one of them has sources of strength which it utilizes to counterbalance the other sources of strength [of other nations], etc.

[Question] Do you feel that the government sector has done what has been required of it, and that now it is up to the private sector to do the rest?

[Answer] No, I never said that. I said that the role of the government sector in building the basic infrastructures which are necessary for our economic activity has already ended, or will soon end. I was talking about the basic infrastructures and the framework of systems and incentives within the scope of which the private sector functions. The public sector's role will remain a primary one, but it is a role which is changing and developing.

[Question] Why does the government not engage in bartering with the nations which are industrially developed and advanced? We could barter with our petroleum and ask, in exchange for it, that we be provided with plants and technology.

[Answer] Bartering is a complicated method which is difficult to carry out. How can you exchange petroleum for electrical materials and supplies? Even nations with a planned economy, which expanded during the sixties by means of bartering have once again given this up. They not utilize the normal approach to their market value. It is easier to sell oil and then use the revenues from selling the oil to buy whatever you want from whichever source you want to buy it.

[Question] Is it true that Gulf capital will be withdrawn from banks and investors in the Western countries?

Also, we would like to know how this money is invested. Also, which is the Western nation which receives the most Saudi capital investment?

[Answer] In practice, it is impossible for this to happen. The nation which receives the most Gulf capital is the United States because the United States has the largest economy in the world. It should be noted that there is far more European capital invested in the United States than there is Arab capital invested there. The European nations, as a group, are in second place [after the United States] as far as receivers of Arab capital are concerned.

[End of Interview]

So all of this, then, constitutes the "main issue"--that is, the matter of building our nation. We have been presented with a theoretical view as well as with complete realistic answers which delineate the steps [to be taken to carry out] this process of building our nation. Both of these things taken together reflect the reality of the enormous achievement which has been consolidated and the bases of which have been established by the men of our nation. The next important thing which we wish to do is to repeat our invitation [to others] to participate in the dialogue concerning a series of ideas which are being presented on the pages of our publication so that we can profoundly study these ideas and become thoroughly acquainted with them. They concern not only one category of people. They should also be the concern of all of our people, and all of our people should interact--whether positively or negatively--with these ideas. AL-YAMAMAH is waiting.

9468

CSO: 4404/407

NEW BUDGET PRESENTED TO NATIONAL PEOPLE'S ASSEMBLY

Khartoum SUNA in English No 4143, 1 Jun 82 pp 3-9

[Text] Khartoum, June 1st, (SUNA)--Finance and Economic Planning Minister Ibrahim Mun'im Mansur yesterday presented to the National People's Assembly the 1982/83 General Budget bill.

According to the budget bill revenues amounted to Ls. 1,343,000,000 (one billion and 343 million pounds) whereas the 1981/82 estimates reached Ls. 1,048,000,000 (one billion and 48 million pounds) thus showing an absolute increase of Ls. 295 million and a percent increase of 28%.

The total expected spending for 1982/83 is estimated at Ls. 1,910,000,000 (one billion and 910 million pounds) while the 1981/82 estimates reached Ls. 1,715,000,000 (one billion and 715 million pounds) with an increase of Ls. 195 million: 11.3%.

The estimates thus reveal a deficit in the 1982/83 budget of Ls. 576.5 million. The address of the budget explained that the deficit would be redressed by foreign finance sources and government bonds which total Ls. 617.6 million and thus a surplus of Ls. 50,100,000 would be expected.

The Minister said Sudan's Exports were expected to amount to \$670 million patterned as follows: \$196 million from cotton, \$154 million from oil seeds and derivatives and \$81 million from meat. He explained that this years total proceeds amount to \$1694 million of which \$496 million has been designated to the needs of the private sector, \$437 million for petroleum products, \$425 million to meet development commitments and \$236 million for sugar, wheat, drugs and production inputs. He pointed that 65% of the exports returns go for purchases of petroleum products.

Speaking on the balance of payment he said the current deficit in the balance of payment amounted to \$579 million. Commenting on this point he said it was a gap which should be bridged by self-reliance and the gearing up of productivity. He added that "we are forced to face a deficit of \$1,600,000 every morning thus through a year's accumulation this would reach \$579 million.

The Minister said Sudan's foreign debts climbed up to \$5.2 billion: \$1.2 billion owed to some international and regional institutions including the World Bank, \$3 billion in form of loans and one billion dollars as

banking facilities and dues owed to foreign exporters. Two billion dollars were due and the remainder has been rescheduled in the context of the first and second conferences of the Club of Paris, the Minister added.

The Minister further explained that \$500 million of those loans went to the private sector to constitute dues of foreign exporters.

He said that those sums were all spent to face the challenges of development.

On the subject of investment the Minister said Ls. 39.9 million was allotted for investment this year which was lower than last year's Ls. 50 million because Sudan Bank and the banking system have stepped in to meet some of the requirements of public investment. He said the 1980 Investment Act was favourably received by investors as reflected in 160 projects granted concessions and facilities until March 1982. The volume of investment for those projects amounted to Ls. 600 million distributed over the sectors of agriculture, industry and economic services. He said the Regional Governors were delegated the jurisdiction to follow up and oversee the investment activity in their respective regions. As to the role of the private sector the Minister pledges to exert effort to attract the private sector into contribution in the different domains of investment by allowing the private sector to join in the projects of integration between Egypt and Sudan, Sudan and other Arab countries and in the popular development projects plus the projects of the Arab Authority for Investment and Agricultural Development (AAIID).

The Minister said foreign exchange estimation has to be characterized with flexibility and should be subject to continued revision in line with the basic economic variables, the conditions of marketing, competition and stock markets and the movements of capital besides the policies for improving the balance of payments. He said the policies of improving the balance of payments called for operating the existing production units, providing raw materials and production inputs and easing strangulations in addition to attending carefully over the maintenance of those production units to accrue surplus for export. He advised not to go into new projects in the absence of the necessary and easy term finance in order to lift the burden off the balance of payments.

The Minister also called for control over foreign debts beside dispensing rationally with the loans and grants and credit facilities in a manner conducive to the consolidation of development and the balance of payments. He also called for reducing custom tariffs on exports and limiting imports on necessary commodities while stopping the import of luxury commodities as well as fighting over consumption of commodities such as petroleum products, wheat and sugar by lifting the subsidy on them.

Commenting over recent information by the Ministry of Energy which said 60% of the total benzine imported was consumed in the capital Khartoum, the Minister said if consumption continues in that manner then a review of benzine price would be made.

Elaborating on the budget basis, he cited them on: the economic stabilization and financial reform programme, the financial reform programme announced by President Nimeri on the 9th of November 1981, decreasing dependence on the

banking system, encouragement of local savings, consolidating regional government, raising bottlenecks, encouraging foreign and private investment

Referring to the economic reform programme, he said it unified the rate of exchange of the Sudanese pound and amended the Customs Act which removed the export duty imposed on groundnuts, sesame, karkadi, edible oil, and dry onion. The programme has withdrawn subsidies from sugar, wheat and flour. To lessen dependence on the banking system it adopted a system of lending by public bonds. The Council of Ministers has initially adopted the stock market bill. An Expenditure Control unit was established in collaboration with the IMF to seek ways of decreasing government expenditure, he said.

The Estate Bank capital has been raised to 15 million pounds to offer interest-free loans, he said.

On the development budget, he said the estimates amount to LS. 502 million compared to LS. 476 million last year, 281 million of which are in hard currency. Some LS. 129 million is allocated for the agricultural sector, LS. 45.6 million are allocated for renovation works particularly in the agricultural scheme, he said.

The estimates of taxes' revenues, amount to LS. 1008 million scoring an increase of LS. 211 million. Commodities and services duties are expected to raise from LS. 179 million in last year to LS. 212 million. The estimates of foreign trade duties will raise from LS. 495 million to LS. 593 million. Revenues of direct taxes will raise from LS. 130 million to LS. 203 million, he said.

Some LS. 88 million are earmarked for the transport and communication sector compared to LS. 82 million in last year, he said.

Some LS. 45,500,000 are allocated for roads construction and LS. 35 million for civil aviation to modernize Port Sudan and Juba airports and wireless systems in addition to LS. 8 million to Khartoum new airport. Some LS. 5.9 million are earmarked for improving river transport and LS. 144 million are allocated for Railways Corporation, Sea Ports Corporation and Telecommunications Corporation, he said.

He announced that three million pounds are earmarked for the next population census. Some LS. 62 million are allocated for services i.e. security, health and education. The energy and mining sector has been offered LS. 103 million, 76 million of which will be in hard currency, he said.

As regards Kosti refinery, he said no allocations have been provided by the budget because the government entered into a joint venture with the World Bank, Chevron and the Arab Company for Petroleum Investments. The venture will be called white Nile Oil Company. The new company will conduct the studies concerning the financing of the refinery. The designs of the refinery have been prepared and by mid of current year tenders will be invited. Any required fund will be covered from the development reserve, he announced.

Before the delivering of the budget statement, the Auditor General delivered a report on fiscal year 1980/81 in which he said the revenues indicated a deficit of Ls. 99.3 million because of the failure of 36 units to collect the required fund while only ten units managed to recruit more than the estimated amount by Ls. 145.3 million.

The expenditure surplus at the same year reached Ls. 34.1 million instead of attaining the estimated amount, Ls. 63 million; nevertheless it is better than last year when expenditure surpassed revenues by Ls. 2.8 million, he said.

The report recommended that all units concerned with foreign loans, Bank of Sudan, Loans Administration and Attorney General should work out a sound basis for loans accounts. Referring to embezzlement, the report said the amount embezzled reached Ls. 935,000 which compared to exchanged money is not considered a serious number. But the report recommended that negligence, the main source of laxity and embezzlement should also be brought to account.

It also recommended consolidating the Attorney General Chamber.

CSO: 4500/207

SYRIA

ISRAELI INVASION IN LEBANON DISCUSSED

DW221029 Hamburg DER SPIEGEL in German 21 Jun 82 pp 110-113

[Interview with Syrian Information Minister Ahmad Iskandar Ahmad by editors Adel S. Elias and Heinz P. Lohfeldt, in his Damascus residence; date not given]

[Text] SPIEGEL: Mr Minister, there are more than 60,000 Israeli soldiers in Lebanon, thousands of dead, hundreds of Syrian tanks and planes have been destroyed, the Israelis are before and also in Beirut--and then a Syrian paper appears here with the headline: "Israel Admits Heavy Losses and Asks for a Cease-Fire." What new glorious victory by an Arab army is being told of here?

Iskandar: It is a fact that the Israelis themselves have admitted to suffering greater losses than expected. It is also a fact that Israel was forced by the heavy fire and combat power of the Syrians to stop firing 90 minutes prior to our agreement to a cease-fire.

SPIEGEL: You could also say that Israel stopped firing and offered you a cease-fire after it had achieved most of its aims.

Iskandar: The Israelis invaded Lebanon with more than 100,000 soldiers. This invasion was prepared a long time ago with just one aim--to kill and destroy everything that was in the way and to raze all villages and towns. It was an unparalleled brutal invasion of and aggression against a sovereign and independent state, which is a member of the United Nations and of the Arab League. Why? Because racism, chauvinism, aggression and expansion lie in the nature of the Zionist enemy. Israel is the only country which has not yet defined its borders.

SPIEGEL: Mr Minister, we would like to ask you....

Iskandar: Just a moment, I am not yet finished. Ariel Sharon, Israel's war minister, stated recently that Israel's borders are always where Israel's soldiers stand, and Foreign Minister Yitzhak Shamir said in Paris that no doubts exist with regard to Israel's borders--they were put down in the holy book. It is also not my invention that Israel is a racist state because

there is a UN statement which condemns Zionism as racism. Not we, but the Greek and the French have compared the Israelis with the Nazis in demonstrations against this barbaric invasion.

SPIEGEL: Mr Minister, the cease-fire between Syria and Israel....

Iskandar: Our armed forces are in Lebanon at the request of the legitimate government of Lebanon, on the decision of the Arab League and with the agreement of the community of people in Lebanon. They went there to end the suffering caused by civil war, and they succeeded in doing so. The Israeli invasion troops knew well that if they provoked us and fired on us, we would not look on passively but would shoot back. We have responded accordingly with bravery and courage; Syrians have become martyrs. We have also suffered many casualties, but you can be sure that we have inflicted heavy losses on the Israelis.

SPIEGEL: Nobody contests that. It is simply a fact that the Israelis....

Iskandar: It is a fact that the heavy Israeli losses have made it easier for Philip Habib, the American special envoy, to convince the Israelis of the necessity of cease firing. The Israelis thought that the war in Lebanon would be just a walkover, but they were wrong. The Lebanese and the Palestinians have fought together courageously against the Israelis, they are still fighting and they will go on fighting as long as the invading troops are in the country.

SPIEGEL: The Israelis have proposed....

Iskandar: At any rate we will not look on passively while the Israelis butcher the Lebanese and Palestinians. After this brutal invasion we have no alternative but to defend ourselves and kick the invaders out again. Due to its geopolitical situation, but also for reasons of national identity, Syria is a decisive factor in the Palestinian problem. We are forced to act for the Palestinians and fight for them.

The United Nations condemns this invasion, but we as Syrians cannot be content with this condemnation; we must act. We have, therefore, sided with the Palestinians. That is our fate which we cannot evade. Well, that is what I wanted to say first.

SPIEGEL: Now that we have heard your government statement, can we begin our talk?

Iskandar: Don't tell me that you have read the things I have just told you elsewhere and that they are nothing new!

SPIEGEL: Many things did sound rather familiar. However, can we discuss the things you left out, namely that the Israeli invasion is not directed against the Syrians but against the PLO, against PLO units in southern Lebanon whose attacks against northern Israel you can certainly hardly deny.

Iskandar: That is not true. Since the cease-fire between the PLO and Israel last year, not one single Palestinian resistance fighter has crossed the Lebanese border to launch an attack on Israeli territory.

SPIEGEL: They didn't have to because in the meantime the PLO's equipment has improved and its shells and missiles have such a long range that nobody had to cross the border to attack Israel. The shelling of Kiryat Shmone, for instance--who else did it but the Palestinians?

Iskandar: When the Palestinians launched this attack it was just in response to the bombing of Beirut, Saida, Tyre and Damur by the Israeli Air Force. The Israelis clearly only tried to find a pretext for their invasion.

SPIEGEL: How was it possible for the Israelis to advance to the suburbs of Beirut within a few days and to take control over the country away from the Syrians? Why did you watch the obviously extensive Israeli preparations so long without taking action?

Iskandar: You must keep in mind something that the West is aware of and that DER SPIEGEL should also be aware of. Even if all Arabs massed all their damned weapons together, Israel would still be stronger militarily because it has so many modern American weapons....

SPIEGEL: ...and because the American weapons are better than the many Soviet weapons in the hands of the Arabs?

Iskandar: I didn't want to make a comparison. However, since you are asking me directly, I must say that the Soviet weapons are excellent....

SPIEGEL: ...but were downed or destroyed by the dozens by the Israelis, the Mig's, the T-72 tanks and even the dreaded surface-air missiles of the SAM-6 type.

Iskandar: I want to add that the Syrian soldier is a very good soldier. Think of the 1973 experience which proves that and the weapons were very good. However, the Israelis meanwhile have got more and ever more modern weapons so that they could even attack all Arab countries at a time and still win.

SPIEGEL: Is this the reason why you didn't help the PLO?

Iskandar: We didn't fight in the south because we didn't have an army there.

SPIEGEL: You could have sent it there to support the PLO, since you knew so long in advance what the Israelis were planning.

Iskandar: Our army in Lebanon is not targeted at Israel but is to serve Lebanon's interior security. However, when our soldiers were finally forced to fight there they fought with courage and all means at their disposal. What happened between the Syrian troops and the invasion troops in Lebanon was not a war in the classical sense but fierce battles. In a real big war we don't allow the Israelis to force us. We plan, study and discuss when and where we wage war with the Israelis.

SPIEGEL: Since it was the task of the Syrian armed forces to guarantee Lebanon's interior security, didn't the PLO also constitute a danger to Lebanon's interior security?

Iskandar: You can't ask the question this way, because since 1969 there has been an agreement between the Lebanese and the PLO, the Cairo agreement, under which the Lebanese Government has bound itself to tolerate the existence of Palestinian armed forces in Lebanon....

SPIEGEL: ... not voluntarily but involuntarily. In addition, Syria is quite proud of the fact that no Palestinian attacks are allowed from its own territory. Wasn't this one of the basic assurances your President al-Asad gave U.S. Secretary of State Kissinger in 1973, an assurance without which the troop disengagement agreement between Israel and Syria would possibly not have come about?

Iskandar: Sorry, but I have not heard anything like that being said about our president.

SPIEGEL: You can read it in Kissinger's memoirs, Volume 2.

Iskandar: But now I must point to my president's official statements, to the policy he pursues. Our borders are open to the Palestinian resistance to the occupiers. It was us who at the 1978 Arab summit conference brought forward a motion calling upon all Arab states to open their borders for Palestinian resistance, all states, not only Syria. The Syrian territory was and is and will always remain a starting point for all Palestinian actions against the occupation. This is an official statement. We state it here solemnly and we also practice it.

SPIEGEL: In accordance with a concession made by President al-Asad to Kissinger, no Palestinian actions were launched since 1973 from Syrian territory against Israel but only from Lebanon.

Iskandar: No, a few were launched. The Palestinian leaders admitted in addition that geographic situation makes it difficult to act against the Israelis on the Golan Heights.

SPIEGEL: Mr Minister, sometimes one is under the impression that the Arab governments are quickly prepared to support the Palestinians with words and weapons, but that deep down in their hearts they reject an independent Palestinian state most decisively. Are you basically not so unhappy at all that the PLO as the great Middle East trouble maker is being shown its limits again as in 1970 by King Husayn of Jordan?

Iskandar: The question has not been asked correctly. I have explained it already to you that a fateful connection exists between the Palestinians and the Syrians. We do not let ourselves be separated.

SPIEGEL: There were also enough conflicts between you and the Palestinians.

Iskandar: If we say that we have a common fate, it means that the fate of the Palestinians is also our fate.

SPIEGEL: Yes, yes.

Iskandar: This is a historical fact you must not deny. I would like to remind you that our army is being called "Palestinian Army" since our independence and not Syrian Army.

SPIEGEL: Beautiful words.

Iskandar: The first Palestinian resistance movements and the first armed PLO groups were created in Syria and nowhere else. The first support came from Damascus and our Palestinian brothers say therefore: "Syria is the lung without which we cannot live." And if you speak of other Arabs, you must tell me whom you mean.

SPIEGEL: All who speak up so loudly as well as states and politicians who pay considerable sums but sit still when the Palestinians really get into a fix. You, yourself, have said in last December: "We expect ... support from those Arabs who would rather die than to submit themselves to the Israelis." Who supported the Palestinians and the Syrians now? Nothing like that has been seen.

Iskandar: On the contrary, we do not feel left alone in this fight. We are convinced that the Arab masses are on our side and that they would force any hesitating government to support us.

SPIEGEL: Maybe there was no support of Syria because you isolated yourself twice within the Arab world: by siding with Ayatollah Khomeyni in the war against Arabian Iraq and through your close pact with Moscow?

Iskandar: Syria will isolate itself only if it will give up its principles. But if Syria will stick with its principles and fight for them, it will become stronger and stronger. In the war between Iran and Iraq we have condemned the Iraqi invasion because we have seen that this war of Saddam Husayn against Iran did not involve the interests of the Iraqi and Iranian people, but that this war was serving only the interests of imperialism.

SPIEGEL: Do you want to say that the new situation at the Persian Gulf is serving the interests of the West?

Iskandar: Who says that the fundamentalists are taking over at the Gulf? Who says that the Iranian revolution has ambitions and aims at the Gulf and claims with regard to Iraq? All statements coming from Tehran say the opposite, namely: we have no claims to your territory. We just want to fight at the side of the Arabs to liberate our Jerusalem and our Aksa Mosque.

SPIEGEL: But the Arabs--with the exception of Syria--have stood on the side of Iraq. And your close ties with Moscow have not gotten you any new friends in the Arab world.

Iskandar: We are most satisfied with the Soviet Union's friendship. The Soviet Union is the big power which is politically on all levels on our side, thus fighting for our just cause. It is the state which enables us to defend our children, our women and our territory. We consider the USSR an honest friend, and this friendship knows no limits.

SPIEGEL: The honest friend, however, has maintained considerable restraint, establishing close contacts with the United States because more significant issues seem to be on the agenda in the relations between the big powers, such as disarmament talks, for example.

Iskandar: I can reassure you: I am most content with the help and support we get from the Soviet Union.

SPIEGEL: Will all the tanks and planes be replaced which you have lost right now?

Iskandar: I am convinced that the material losses will be replaced. Unfortunately, however, the losses of human lives cannot be replaced.

SPIEGEL: Soviet General Yurasow, one of the three deputy air force chiefs, has arrived here in the meantime to see what has been destroyed and why. But at Damascus airport we have also seen the plane of Philip Habib, the special U.S. envoy. Does that indicate that the political talks will be led by the Americans again, as since 1973, without your Moscow friends being involved?

Iskandar: Why don't you ask Philip Habib? We maintain diplomatic relations with the United States, and so it is only natural that the people are dealing with us diplomatically. We pursue an open policy, we are open to all sides and to everybody who wants to listen to us. They are cordially welcome. We want our interests to be implemented. If the Americans want to cooperate, fine, why not.

SPIEGEL: Mr Minister, you know as well as we what double-dealing game was played by Syria in 1973. Naturally you have accepted further arms from the Soviets, naturally the Soviets remained your friends. But Syria was putting these friends off until Kissinger had concluded the mediation between Syria and Israel on the disengagement of troops. Are you not saying again: The Soviet Union is our friend, but if mediation will take place we would rather rely on the Americans?

Iskandar: Al-Sadat has said this, we did not. The result of this policy was that he got murdered. It is not our policy.

SPIEGEL: At any rate the Americans have mediated the cease-fire between Israel and Syria. Israel suggested now to establish a Lebanon free of the PLO but also free of Syrian troops. An international force is to be stationed there instead, including the Americans.

Iskandar: The Israeli chief of staff, General Eitan, stated today that Israel does not want to have any UN troops between Israel and Lebanon because the UN troops are hostile to Israel.

SPIEGEL: What the generals say must not be the opinion of the politicians. Would it not also serve Syrian interests to create a Lebanon which can rule itself and will be free of foreign troops? After all, your engagement in Lebanon was a considerable burden to you since 1976, politically, militarily and economically.

Iskandar: The Israelis have expelled a great part of the Palestinians from their homeland. Now Israel with its invasion is trying to liquidate the rest. It wants to throw the Palestinians into the sea.

SPIEGEL: Formerly the Palestinians wanted to do exactly the same with the Israelis.

Iskandar: It is incontestable that the Israeli invasion troops are physically liquidating the Palestinians today, in the late 20th century. Where are we actually? And you demand that I accept the conditions of the peace Nobel Prize winner Begin.

SPIEGEL: Mr Minister, we thank you for this talk.

CSO: 4400/331

SYRIA

REPORT ON U.S. ANTI-ARAB POLICY, SYRIAN STAND

JN182052 Damascus Domestic Television Service in Arabic 1830 GMT 18 Jun 82

[Unattributed commentary]

[Text] Gentlemen: Nothing seems to be hidden any longer; and those who are behind the events are well known, particularly to us, the Arabs. The Zionist invasion of Lebanon was planned by Washington which entrusted its Israeli stronghold with implementing it by means of the U.S. war machine. This invasion definitely proves that the United States has not yet despaired of the possibility of imposing its policy on the region using all the means available to it.

When we say that the Israeli aggression is in fact a new U.S. aggression against our Arab region, we are not saying anything new, since the enemy war minister, Ari'el Sharon, openly stated that the invasion of the Lebanese territory was talked about in Washington and that Israel obtained Washington's agreement to implement this invasion. U.S. General Alexander Haig declared that he did not support the calls for Israeli withdrawal from Lebanon at the present time. It is only natural for Washington not to agree to the Israeli withdrawal from Lebanon because the aims of the aggression have not been realized despite the invasion and the displacement of thousands of our people. It may be said that the Zionist invasion has not realized its aims both from Washington's and Tel Aviv's viewpoint. This compels Washington to employ methods which can only complicate further the situation in the region, particularly in Lebanon, in an attempt to realize its aims in our Arab region in general.

In such a case we must say that the Arabs no longer have the time to continue wagering on U.S. policy. It is time to renounce the illusion that Washington can play a certain role to realize even the least amount of good for the Arab nation's masses. Some Arabs are still under the illusion that U.S. policy can be changed in favor of the Arabs in their struggle with Israel despite the fact that the latter is continuing to commit more aggression and to expand further at the expense of the Arab territories with the absolute support of the United States. If such is the case, then when will these Arabs realize the true nature of U.S. policy and when will they realize the facts about the U.S. position? If such Arabs have not understood or realized the aims and

intentions of the United States then this is a disaster. However, if they realize these aims and remain silent and ignore them then the disaster becomes more bitter and cataclysmic.

We ask these questions with good intentions. If we want to dot the i's and cross the t's, we have the issue very clear in our mind: Syria, which has committed itself to defending the Palestinian revolution, to the unity of the Lebanese territory and people and to Lebanon's national independence and sovereignty, has already proceeded to face its destiny single-handed.

CSO: 4400/331

SYRIA

BRIEFS

ARABS URGED TO STRIKE--AL-THAWRAH says: Israel has invaded Lebanese territory, wrought destruction everywhere and committed mass Nazi and racist massacres against the Lebanese and Palestinian people with the support of the United States and its weapons and direct political and military protection. What is required on the Arab level to confront this reality and to make the U.S. and Israeli aggressors reap the results of their aggression are firm Arab political, military and economic measures, especially those that strike at U.S. interests in the region. It is inconceivable for these interests to remain intact when they provide for Israel's murder, destruction and war machine in its aggression against the Arabs. [Text] [JN190813 Damascus Domestic Service in Arabic 0645 GMT 19 Jun 82]

CSO: 4400/331

TUNISIA

EXPANSION OF EL-FOULADH STEELWORKS PLANNED

Tunis LA PRESSE DE TUNISIE in French 12 May 82 p 4

[Article by Jaballah Sghaier: "El-Fouladh Production Capacity to be Increased"]

[Text] Soon after the French left, two large industrial complexes were created in the Bizerte area and have since played a predominant role in the country's economy. These two complexes are El-Fouladh, specialized in the production of iron and drawn wire, and STRI [Tunisian-Italian Refining Company], an oil refinery. However, an increase in the consumption of these materials and in the country's requirements have encouraged the authorities to consider an expansion of these two large industrial complexes.

Under the Sixth Plan, 43 million dinars have been set aside for the El-Fouladh steelworks, to replace used equipment, increase production capacity and provide more room for social and educational purposes for the personnel.

The steelworks proper were built in 1965 and include a blast-furnace with its secondary facilities, an oxygen-process steelplant and a bar-mill; they require increasingly large replacement investments to keep them in good operating order. In addition, the present condition of certain basic equipment, especially the blast-furnace and the oxygen converters, no longer permits a rational and profitable operation. These facilities are over 16 years old. Now, the service life of facilities of this type is of some 15 years in normal operation, which has not been the case at El-Fouladh since production during this period was much higher than the standards that had been set. Therefore, the present condition of the various facilities is far from fully meeting the requirements of the domestic market.

Studies made in this respect suggest a number of alterations that could be made to increase the blast-furnace production (500 tons per day), to reduce the consumption of imported coke and, finally, to provide high-performance equipment for the 1982-2000 campaign. These investments are estimated to cost a total of 2.5 million dinars. A second stage would deal with the alteration and expansion of the converters, changes in the stretching process on several machines, and the replacement of the handling vehicles and equipment. The investments contemplated amount to 1.7 million dinars.

At present, the plant has 2 rolling mills in operation, which produce bars and rings from 6.5 to 10 mm. In order to meet the country's increasing requirements for concrete bars, a three-stage program is contemplated; it will include an upgrading of the wire-mill through the purchase of straightening equipment, the installation of a secondary mill and a finishing unit, and finally the purchase of a new pushing furnace for the bar-mill. All this equipment will make it possible to increase production, to produce wire of non-standard diameter (which is now imported), and to mechanize the workshops.

Similarly, the expansion program provides for an upgrading of the drawing-mill, the production of which will increase from 23,000 to 47,000 tons per year. The amount budgeted for these improvements is of some 5.43 million dinars.

As far as new projects are concerned, we should mention that the authorities are contemplating the installation of an anti-pollution system, including dust precipitation and the treatment of the waters which are now released into the lake. An expansion of the social equipment and premises is also contemplated; these were originally designed for 800 people whereas El-Fouladh now employs over 2,400.

These transformations will require 3.7 million dinars. But the importance of the new projects probably lies in the creation of a new shop for the production of metallic structures, which will be build outside the main plant premises. This workshop will cost an estimated 500 thousand dinars, it will provide 100 additional jobs and will have an annual production capacity of 3,000 tons.

In addition, the construction of a new drawing-mill is contemplated to meet the increasing demand for hard steel drawn products. The estimated cost of this project is of about 7.5 million dinars, and it will have a production capacity of 15,000 tons per year.

9294  
CSO: 4519/206

UNITED ARAB EMIRATES

ELECTRICITY SITUATION IN RA'S AL-KHAYMAH REVIEWED

Al-Shariqah AL-KHALIJ in Arabic 20 May 82 p 20

Article by Muhammad al-Radini: "Ra's Al-Khaymah Electricity in Good Condition This Year and It Is Hoped There Will Be No Relapse"

Text The electricity situation in Ra's al-Khaymah is in good condition now and the coming days of summer will be filled with cool breezes. The nightmares of last summer are now merely a memory and no one wants them to return except in talking about them.

Despite the general optimism, some may be a little worried about a repetition of that. This concern arises not only from a lack of attention by the quarters concerned or a mistaken conception of technical matters or a lack of precision in calculating the electric power needed, but also, in addition to the foregoing, apprehension on the part of the people there that their worry will be somewhat justified since they, more than anyone else, are aware that the summer shows no mercy and the days which they experienced earlier gave them practical confirmation of that. Nonetheless, everyone generally feels now that most of the causes of the electricity crisis are disappearing.

New Stations

The following observations were made at the office of Mubarak Quhaytar, director general of the municipality of Ra's al-Khaymah:

"According to what I understand this year, there will be no lack of electric power because the generating station has begun operating, the station that greatly reduce pressure on the other stations."

We asked: "Is this a new station?"

He replied: "Yes. It is now operating in a preliminary stage with a capacity of 25 megawatts."

We asked: "A lot of people have passed on an observation to us, that is, that the current began to be cut off in one residential area after another because the stations you mentioned could not handle the pressure?"

He said: "A technical breakdown occurs sometimes which causes a station to stop operating. This in turn causes a power shortage and the quarters concerned accordingly resort to the alternating approach until the fault is repaired."

We asked: "Has this in fact happened?"

He replied: "Yes. The power station in Ghaililah broke down and electric power was reduced which forced them to use the alternating system."

We asked: "What are the major expansions that have taken place this year?"

He said: "Work is now under way on expanding and increasing the power getting to us from the al-Rafi'ah station in Umm Qaywayn and we get 10 kilowatts from the al-Dhid station. As far as I know, the Ministry of Electricity has exerted intensive efforts, particularly with regard to changing the electric power line network and adding new lines. I do not believe that these efforts will be delayed. We hope that these expansions will resolve the electricity crisis, starting with this summer. We have a great deal of confidence in the efforts of the persons in charge in this field. We also hope that the recent power failure (this happened 2 weeks ago) was merely a temporary technical fault."

We asked: "You have raised this problem before and you have urged that it be solved on a federation level. What steps have been taken in this regard?"

He responded: "H. H. the chief of state and his brothers, the members of the Supreme Council, have certainly exerted their maximum efforts in the best interests of the homeland and the citizen. Given this, a delegation was formed to meet with H.H. Shaykh Rashid al-Maktum, the Vice President. All this has happened earlier and we are awaiting the results which I believe will benefit everyone."

#### What Do The People Say?

The people whom we met all had two observations. The first was that they hoped there would be no power failure lasting for a long time and the second was that the cutoff that occurred had not been any problem at all.

Hasan 'Ali Hasan (from al-Ma'murah) said: "There has been no cutoff in our area and we hope that no such thing happens. The summer is hot and we are now getting ready for the Ramadan fast."

Salim 'Abdullah said: "There was a 10-15 minute power failure last week in the al-Khazzan area but the area has experienced no cutoff since then. All of us hope that this situation will last and the authorities will exert the utmost efforts to solve this problem which plagued our lives last summer."

From the al-Julan area, 'Abd-al-Latif Ahmad says: "The power situation is far better this year than last. There has been no cutoff in our area except for one which lasted 15 minutes. However, in this connection, I would like

to make my voice heard by the officials about the necessity of hastening to get power to the new Sha'abiyah al-Hamraniyah.

In a furniture shop 'Ali 'Abdullah (age 80) said: "Although I'm not bothered by the heat and it doesn't concern me whether the power goes off or comes back on because, as you can see, I have reached an (advanced) age. However I do hear my children and grandchildren say that the electricity situation this year is good compared with what happened last year."

'Abdullah Muhammad said that there were three successive power failures last week in this area (al-Julan) and none lasted more than 10 minutes. Given this he says Thank God because he remembers last summer and this summer should see a big difference.

'Abdullah goes on to say: "I would like to raise another problem with no connection with electric power. The problem is the disparity in vegetable prices in our vegetable market. You find that one vendor sells a box or a kilo of vegetables at one price and next to him another vendor will sell the same produce at a higher price. You will find that the difference is always 5 or 6 dirhams. As for the fruit, you will find it firm on top and spoiled on the bottom. Given this I think these people should be monitored and the prices of foodstuffs fixed as is the case in the other emirates."

#### The Official View

Other views are not much different from those that have been expressed. As we said all felt that the power situation in Ra's al-Khaymah is now in good condition and all hope that this situation will last until after this summer.

We got the following picture at the Ministry of Electricity and Water:

On 12 September 1981 a 110 million dirham contract was signed to pay for, inspect, test, operate and maintain Ghalilah station no. 1 (2 X 33.6 megawatts). The first unit was put into operation on 11 March 1982 and testing and operation of the second unit started on 11 May 1982.

In a related vein, a contract was signed on 12 December 1981 for 65.8 million dirhams to provide and install gas turbines (2 X 25 megawatts) for the al-Nakhil power station in Ra's al-Khaymah and the first unit was put into operation the end of last week and work on the second unit began a few days ago.

On 23 December 1981, a 2.2 million dirham contract was signed to link al-Rafi'ah and al-Jazirah al-Hamra' with a 33 kilowatt powerline to reduce load on Ra's al-Khaymah power in general.

On 30 January 1982, a 23.2 million dirham contract was signed to expand and improve the current 11 kilowatt distribution network in Ra's al-Khaymah as a first phase.

On 17 February 1982, a 15.8 million dirham contract was signed to expand the current 33 kilowatt distribution network in Ra's al-Khaymah as a first phase.

Finally, given this picture, we can recognize that the electricity situation in Ra's al-Khaymah has passed through its earlier difficult circumstances and only the easier part of the problem remains.

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CSO: 4404/493

UNITED ARAB EMIRATES

BRIEFS

CHROME DISCOVERY--Quantities of chrome, described as "very large," have been discovered in the hills located at the entry to al-Fujayrah. The director of the company in charge of the prospecting stated that the quantity discovered so far is commercially exploitable over the long term and there are quantities as yet undiscovered. Chrome is used in the manufacture of aircraft, automobiles and cement kilns after being blended with iron and aluminum and is the most costly primary material on world markets as it is only found in a few countries. ~~Text~~ Paris AL-NAHAR AL-'ARABI WA AL-DUWALI in Arabic No 262, 10-16 May 82 p 157 8389

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